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# Latin America Report

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10 April 1984

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## HYDROELECTRIC PROJECTS TO PROMOTE L.A. ECONOMIC INTEGRATION

## Cooperation Among Border Countries

Buenos Aires CLARIN in Spanish 1 Mar 84 p 29

[Text] Posadas--Yesterday, Governor Ricardo Barrios Arrechea and the energy secretary of the nation, Conrado Storani, officiated at the opening of the Urugua-1 hydroelectric project which, with an investment of \$1.3 billion, will afford this province self-sufficiency in energy.

The ceremony took place in the locality of Puerto Libertad, about 20 kilometers from Iguazu Falls, in the presence of a large crowd, consisting of national and provincial officials, legislators and local residents.

Storani announced the formation of a binational commission including representatives of the state enterprises of Brazil, Government Oil Deposits (YPF) and State Gas of Argentina, to design the installation in this province of a petrochemical industrial complex supplied with gas from the Salta deposits.

In announcing the forthcoming implementation of the Urugua-1 project, which will be executed within a few months, Governor Barrios Arrechea stated: "This is the change proposed by the Radical Civic Union through the government of President Raul Alfonsin to back the bordering country, and the provinces which are the poorest, most neglected and farthest removed from the central government."

He stressed: "This is the first major undertaking by our indebted country"; noting: "I have heard talk about the dams in Misiones for the past 30 years, and after many disappointments, a democratic government of the people had to come and announce this accomplishment in 60 days."

He also cited the technical aspects and social connotations of the project, emphasizing that it would give employment to about 2,000 workers.

## Binational Commission

He then criticized the intermediate-level employees of public administration, who "think that nothing has changed here and who are losing our records,"

requesting that they "not leave us alone, and thereby enable us to succeed." Storani, for his part, granted a press conference at which he announced that, while the project is being executed, the electric power required by Misiones would be purchased from the Republic of Paraguay, at a substantially lower cost, which will afford savings of from \$3 to \$5 million per year in the annual cost, which is about \$24 million in that currency.

The energy secretary met in Foz de Iguazu with the general manager of INTERBRAS [Petrobras International Trade, Inc], Marcelo de Ache Cordeiro, and with the manager, Atan de Acevedo Barbosa, both from the Brazilian Petroleum Corporation (PETROBRAS).

The meeting served to agree on the formation of a binational commission to explore the possibility of installing a petrochemical industrial complex in Misiones Province that would be supplied with gas from the Salta deposits.

INTERBRAS is the PETROBRAS subsidiary which deals with that Brazilian firm's international trade.

The press conference, preceding the national launching of the Uruguay-I project, took place in the presence of the leading officials from the Energy Secretariat at the athletic grounds in Puerto Libertad, in Alto Parana.

With regard to the negotiations which he carried out in Brazil, Storani mentioned the meeting of "the Brazilian state enterprises with YPF and State Gas of Argentina, to definitively set up a binational commission that will conduct the necessary studies for our integration and lead to the accomplishment of the plan for a petrochemical plant in Misiones, using natural gas from Salta and producing nitrogenated and agrochemical fertilizers here, the markets for which would be Brazil and Argentina."

#### Preliminary Agreement With Chile

He added: "This gas pipeline will leave enroute gas for several Argentine provinces amounting to a million cubic meters per day, and we are holding talks with Paraguay so that its own advantage will afford the opportunity for building industries associated with iron."

Storani said: "Using this gas pipeline, Argentina will have to process sponge iron in Brazilian deposits, to replace the use being made of that of other origins for the Argentine industry. This is a multiple-use complex, which fully justifies the installation of the gas pipeline," remarked Storani who, moreover, stressed: "The kilowatt produced by Uruguay-I will cost 40 mills of a dollar, which puts it nearly on a par with Salto Grande."

Returning to the topic of gas, Storani commented: "What is involved is a proposal for complementation and the first one for Latin American economic integration from Argentina, and it is the number one point in President Alfonsin's international policy."



"We are opening up a variety for our bordering countries," remarked Storani, who then disclosed that the president of State Gas had signed a preliminary agreement with Chile for the installation of a gas pipeline, following a 6-month study.

He added: "The undersecretary of electric energy, engineer Ciliruzzi, is studying the link with Chile, through Mendoza, for the electrical interconnection."

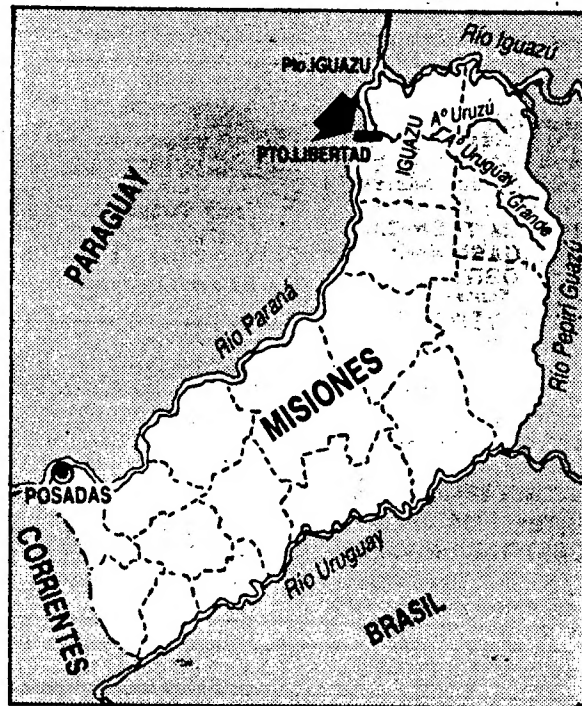


Photo Caption:

The arrow shows the site where the Uruguá-I hydroelectric dam will be built, in the vicinity of the Misiones town of Iguazu.

#### BID Grants Loan

Buenos Aires CLARIN in Spanish 2 Mar 84 p 11

[Text] Of the total sum of \$142.5 million (which will be administered by the Water and Electric Power enterprise), \$92.5 million will be made available in foreign exchange, consisting of regular capital funds, at a 15-year term and with a variable interest rate, which will be applied to each year's payments, adjusted according to the cost of the loans made by BID on the international capital market.

#### Special Operations

The remaining \$50 million will be deposited in Buenos Aires, in Argentine pesos, coming from the resources in the "fund for special operations" held

by the lending entity. The term is 20 years and the interest rate is 4 percent per year.

Both loans (approved yesterday in Washington) will be repaid in half-yearly installments, the first of which will have to be paid 6 months after the date set for the last disbursement.

The contributions will be used to finance projects for the transmission of electric power, the interconnection with Brazil in Alto Uruguay, improvements in the unified transmittal of loads and the study of various projects, including the utilization of the basins of the Santa Cruz and Negro Rivers and the Ibera system.

#### Hydroelectric

A loan has also been granted (although it is still awaiting the signature of the head of BID, Antonio Ortiz Mena) for \$66 million, which Water and Power will use for the construction of the Urugua-1 hydroelectric powerplant. According to an announcement made by the energy secretary, Conrado Storani, the total investment for the dam amounts to \$160 million, of which total 15 percent will be financed with state funds. There are also offers from Argentine banks for up to 85 percent of the total value of the project; while another portion of the funds will be contributed by the construction entities taking part in the project, the construction period for which is 34 months.

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CSO: 3348/306

## BRIEFS

ARGENTINE-PARAGUAYAN MIXED COMMISSION--An Argentine-Paraguayan mixed commission was agreed upon by Government Oil Deposits [YPF] and PETROPAR [Paraguayan Petroleum] to devise the YPF exploration and development work, if the basin, discovered in the extreme northwestern part of Formosa Province upon the emergence of the Palmar Largo 1 well, extends into Paraguayan territory, as is predictable because of the geological structure. In such an event, YPF will participate actively in the search and siting of hydrocarbons, through a collaboration that is unprecedented in the commercial relations between the two countries. The news was announced by the head of YPF, Dr Hector H. Fiorioli, who explained that the creation of the mixed commission is based on the "reasonable expectations" evoked by the "fantastic" features of the Palmar Largo well; but noted that, in the talks with the president of PETROPAR, Dr Julio Gutierrez, and with the minister of industry and commerce, Dr Ugarte Centurion, it was very clearly stated that it is still too early to establish the features of the deposit, much less to specify whether or not it extends into Paraguay. In 15 or 20 days, if time permits, the drilling of another exploratory well will begin, 40 kilometers from Palmar Largo, in the area known as La Horqueta, in an easterly direction, always in the vicinity of the Pilcomayo River, bordering the Republic of Parana. These data, which will be supplemented upon the drilling of the well 1,500 meters deep that is to go into production, and perhaps with a third one, also in the immediate vicinity, will, according to Dr Fiorioli, make it possible to become better familiar with the geological structure and to draw "convincing conclusions." The drilling equipment is already being carried to La Horqueta and, as Dr Fiorioli explained, it will not be possible to seriously determine the dimensions of the basin and whether it penetrates into Paraguay until the work has been finished. He stated: "No later than the last quarter of the year, we shall be in a position to determine the nature of the structure that might possibly exist."

[Text] [Buenos Aires LA PRENSA in Spanish 26 Feb 84 Sec 3 p 2] 2909

CSO: 3348/306

## ANTIGUANS BLAME TRINIDAD, JAMAICA FOR DROP IN EXPORTS

Port-of-Spain EXPRESS in English 12 Mar 84 p 25

[Text]

ST JOHNS, Antigua, Sunday, (CANA) — The Antigua Manufacturers Association (AMA) has voiced concern about what it says is a deterioration in the level of exports to Jamaica and Trinidad and Tobago from Antigua.

The AMA blamed both Trinidad and Tobago and Jamaica for the problem.

While Jamaica was actively promoting its exports in the region, Antiguan manufacturers were still not gaining access to the Jamaican market, AMA president, Tom Billing said.

According to Billing, the Jamaican government still maintained an effective licensing system which prevented the importation of Antiguan products into Jamaica.

He said the problem was being compounded by Jamaica's acute

shortage of foreign exchange and the country's apparent preference for North American imports over Caribbean Community (Caricom) products.

In the case of Trinidad and Tobago, the AMA president said that following a recent meeting with Antigua and Barbuda's Economic Development Minister, Lester Bird, he was assured that the government would continue to make every effort to have trade between the two states normalised.

Billing said he felt it would require the collective efforts of members of the Organisation of Eastern Caribbean States (OECS) to make Trinidad and Tobago recognise the critical position of industry prevailing in the Less Developed Countries (LDC's) of the region.

CSO: 3298/624

## BRIEFS

CUBA: MEXICAN ARMY DAY OBSERVED--Havana, 18 Feb--Mexican Army Day was celebrated in this capital city today at a well-attended reception at the Mexican Embassy, which was offered by Brigade Gen Luis M. Mucel, Mexican military attache in Cuba. The reception was attended by Ambassador Rodolfo Echeverria Ruiz and the rest of the diplomatic mission he heads. The Cuban representation included: members of the ministries of foreign relations and the Revolutionary Armed Forces and Col Arnaldo Tamayo, the first Cuban and Latin American astronaut, who is now president of the Patriotic Military Education Association. Also present were the military attaches of the different countries accredited to Fidel Castro's government and the ambassadors of Argentina, France, the Netherlands and England. [Text]  
[Mexico City EXCELSIOR in Spanish 19 Feb 84 p 17-A] 8143

CSO: 3248/488

## LUDER ACCUSES GOVERNMENT OF NEGLECTING ECONOMIC ISSUES

Buenos Aires CLARIN in Spanish 9 Feb 84 p 7

[Text] The former Justicialist candidate for the presidency, Italo Luder, reasserted his disagreement with the orientation of the present government and accused it of subordinating the urgent economic and social requirements of the country to ethical-political ideas with regard to the real national situation.

Luder recalled that during the electoral campaign which proceeded the 30 October elections last year, he had urged the need to establish "a political truce and a national unity government," both essential for meeting the growing needs of the people.

Instead, he said, the current government "has chosen another point of departure, which is an ethical-political approach" to the major problems of the country, and after commenting that "to date, not much has been done beyond the rhetorical level," he warned that "there is a concern in the country that not much more will be achieved."

In statements to the press, the former interim president also accused the government of having unnecessarily caused "a serious confrontation with Justicialism, despite the fact that it needs its support, not for reasons of parliamentary mathematics, but to serve the interests of the country."

Expanding on his thoughts in this connection, Luder said that the attitude of the radical authorities "reflects the continuity in their minds of the complex of prejudices they evidenced during the electoral campaign." He expressed the view that "it is unacceptable" that some of the attitudes noted during the military government should persist within a constitutional administration.

In referring specifically to the controversial draft law on trade union reorganization, he expressed the view that "for the trade union leaders to confirm their representative function, as we politicians did, is one thing, while it is another very different thing to weaken the position of trade unionism in the balance of forces existing in Argentine society."

After voicing his disagreement with the government assessment in which the trade union leadership was termed "obsolete," Luder defended the participation of the workers sector in modern society "based on a principle of equity, and because it is essential for the development of the country."

In this connection, he said in conclusion that "the ideologism of a declamatory pseudo-left wing, which does not truly alter economic structures, represents complicity with the social injustice" which Justicialist doctrine is seeking to change.

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CSO: 3348/313

## COST-OF-LIVING INCREASE SEEN FUELING SOCIAL UPHEAVAL

Buenos Aires CLARIN in Spanish 7 Mar 84 p 6

[Article by Daniel Muchnik: "Engines Running"]

[Text] Strictly speaking, no one was surprised by the electrifying spiral of the cost of living in February. This phenomenon has aspects and consequences of all sorts, political and economic in particular. The inflation at 17 percent is a harsh burden for the government, because all undertakings fall within the field of the battle against the cost of living. It was the highest officials in the regime established in the middle of December who promised to halt the runaway prices, even at the cost of abandoning electoral promises along the way, such as immediate recovery or credit aid to businessmen and those in the rural sector.

## Despite Control

This inflation has become the lot of the community despite price control and supervision publicized from above for each area of production and marketing. The men in the finance ministry suggest that the spiral was set off by the increases for food products, with that of meat having a special effect, with an increase in values of 33.5 percent (for fresh meat, while dried meat reached a peak level of 51 percent). The increase for the green vegetable category (49 percent) and that of 26 percent for the fruit category also had an effect. Without a doubt, a feverish increase on farm items was launched in order to win positions, avoid lags and cover "lagging costs."

If we examine the last quarter, December through February, inflation approached 55 percent. In the January-February 2-month period, it was overwhelming--31.6 percent, like the most agitated and upset eras in recent years. From February of last year to February of this year, the index showed an increase of 435.9 percent. The government can argue that the legacy received in December, after an exhausting year (as that including the last months of the military process was), closed off all of the possible exits and made it inevitable that the wave would continue for a lengthy period of time and that its effects could not be prevented.

## The Other Wave

But the critics of the present economic policy could by the same token suggest that firm containment dykes could have been established to halt the



wave. Or that otherwise, the official policy would have had to accept the increase uncritically, with a mobilization of assembly lines. These same critics could suggest that no limit was set for state expenditures, which generate inflation, and that the obstacles represented by higher financial, marketing and transportation costs, which favor the inflationary illness, were not removed from the path.

#### Disorder

This inflation is leading to very dangerous chaos. One aspect of it is that with the increase established at 10 percent before the fact, for the public service rates, industrial prices and the exchange rate, the lack of synchronization leaps to the eye. The difference (or the gap) between the official dollar rate and that on the black market approached 50 percent. With this increase, this gap will widen further, thus limiting exporters' desires further.

The crisis, engines running, moves on.

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CSO: 3348/313

## DAILY CALLS FOR REVIEW OF ECONOMIC POLICIES

Buenos Aires CLARIN in Spanish 7 Mar 84 p 14

[Editorial: "The Continuing Deficit"]

[Text] In the first month of this year, the fiscal deficit increased 500 percent over the figures for January 1983, leaving the official intention of reducing the budget imbalances far behind. On the other hand, the January deficit was 20 percent lower than that in December of 1983, but here too the development is unfavorable, since the deficit in January of 1983 showed a reduction of 40 percent from the preceding month, that is to say December 1982.

The worrisome lack of synchronization is explained by an increase of 122 percent in expenditures in real terms, which was not offset by the collection of funds, since income increased only 3.4 percent.

This trend appeared to be reversing in February, as indicated by the financing provided to the treasury by the Central Bank, which was almost 7 percent less than that in January. In any case, and if a drastic change in the pattern of expenditures and income does not occur, the government goal of reducing the deficit from its present 14 percent of the gross domestic product to 7 percent for the current year is likely to be compromised.

The reality of the facts would dictate some changes in the original plan, which sought a deficit of 4 percent of the gross national product by the last quarter of this year, which could be increased to an estimate of 5 percent.

The reduction of public expenditures and budget deficit is a goal shared by almost all of the political and social forces, and has been included in the plans and promises of successive administrations. However the task has always been postponed. In the current phase, it can be said that the government has decided to act within a very limited field, which does not allow one to hold out very great hopes of a substantial future reduction in expenditures and the deficit.

According to the views of numerous experts in the matter, there is within the expenditure categories very little flexibility downward for current accounts, such that the restructuring of distribution might provide for reductions in investments. On the other hand, given the current recessive situation, the only possible way of undertaking major reductions, without still further

depressing the aggregate domestic demand, would be to launch a program of returning enterprises to the private sector. In this connection, the known goals of the government do not call for much more than the return to the private sector of those enterprises which entered the state sector under the military government. As will be well remembered, while declaring its faith in the private sector, the economic administration of the last government put into operation a so-called system of enterprise recovery whereby the state took over many poorly run private businesses. In this way, the total expenditure of the public sector as a percentage of the gross national product, which had been reduced in 1976 and 1977, resumed its upward trend, reaching the peak 1975 level again in 1981.

Reduction of public expenditures and the state role in the economy are premises which are essential if inflation is to be reduced, investment opportunities in the private sector increased, and the economy as a whole given new dynamism. But in the current recessive climate, the necessary policy of austerity and conversion to private enterprise can only be carried forward successfully if it is linked with an overall program of growth. Failing this, not only would intolerable social tensions be generated, but the private sector would have no capacity to absorb the activities released by the state, as has happened previously with some isolated attempts at conversion to the private sector.

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CSO: 3348/313

## GRINSPUN: TRADE SURPLUS NOT ENOUGH TO PAY FOREIGN DEBT

Buenos Aires CLARIN in Spanish 7 Mar 84 p 17

[Text] Minister of Economy Bernardo Grinspun says that "there is not nor has there been" any new proposal by Argentina concerning the refinancing of its foreign debt. "We do not have enough," he added, "to pay, and thus if we do not refinance we cannot pay. We have accounts \$2,700,000,000 in arrears, and the interest and sums falling due in the foreign sector during this year will come to \$21,700,000,000. Thus it is obvious that they must begin by re-financing our debt, because a substantial trade surplus of \$3 billion to \$3.5 billion cannot be achieved."

Grinspun, who made these statements to the daily newspaper AMBITO FINANCIERO, went on to discuss the level of the international reserves of the Central Bank, stating that "it would be necessary to total all the updated stocks and study some holdings which are not reserves, properly speaking. We certainly have between \$900 million and \$1 billion."

In the view of the head of this ministry, this level is "absolutely essential for a country like Argentina, for any unforeseen eventuality."

He added that "we do not mean political events, but the burning of another silo, as has already happened, or the sinking of a vessel in the canal, causing blockage for several days. In other words, Argentina has a minimal level of reserves for the indispensable technical guarantee."

## Request Made

In speaking of the most recent talks with our foreign creditors, he said that they were asked to "provide this government with \$1 billion for the refinancing of interest." And he added: "But we told them not to ask us to refloat the expired stand-by funds with the Monetary Fund, or ask us suddenly to reduce inflation to 160 percent when we are still fighting the battle at 430 percent per year." In this connection he noted that last 30 November, the creditors paid out \$500 million "and the Fund contributions were not there. There were arrears, and also the renegotiations of the contracts of the public sector were not signed, except for that for Argentine Airlines."

Finally, he said that his "great concern" now is the national budget, and that "I would like to have it with the Congress this week." He added that "all I can say is that we will have the expenditure levels for each department this week."

## ANALYSIS OF FACTORS INVOLVED IN DANGRIGA BY-ELECTION

Belize City AMANDALA in English 24 Feb 84 p 6

[From page headed THE UDP BULLETIN, Vol 1, No 17, 26 February 1984; no other attribution or identification given]

[Text] The campaign for the election of the two UDP candidates to the Dangriga Town Board is well under way. Following the death of two councillors of the Town Board, a by-election has been called for Wednesday, Feb. 29th. The UDP held its nominating convention on Feb. 12, when Dr. Henry Anderson and Mr. Calistro Caliz emerged as the standard bearers for the Party.

Wednesday 22nd. was nomination day in Dangriga. On Wednesday night the UDP held a massive public meeting to introduce Dr. Anderson and Mr. Caliz to the crowds. Other speakers at the meeting included the Mayor of Dangriga, Mr. Ted Castillo, and the Deputy Mayor, Ms. June Doris Garcia. The Party Director of Organization Mr. Santiago Perdomo also addressed the meeting.

The Mayor is directing the campaign for the election of the UDP Two.

The Honourable Philip Goldson spent last-weekend with the campaign committee to help in launching the campaign. The Party Organizer, Mr. Perdomo, has been in Dangriga since Tuesday and will stay on to election day. The full campaign team of the UDP will be arriving in Dangriga on Saturday, and will be led by the Party Leader Senator Manuel Esquivel and the Deputy Leader the Hon. Curl Thompson. Included in the team are City Councillors, Party Officers, members of the Women's Group, members of the Youth Popular Front, and Party officers from the other Districts.

There is to be an indoor meeting for members and supporters of the UDP in Dangriga on Saturday night. This will be followed by public meetings in various areas of the town on Sunday, Monday, and Tuesday nights.

This election will be the first opportunity for the Party to test its strength in Dangriga since the last Town Board elections in 1981. Enthusiasm among Party workers is running high. Political observers in Dangriga put the UDP's support way out in front. The challengers in this election are, on the one hand, from a Party dying of corruption, communism, backstabbing,

failure, and old age, and on the other hand, from a Party that died at birth, never having been able to catch its first breath on the national scene and whose very name has never been heard of by anyone but the handful of mourners that still cling together by the graveside.

Even the TPP, who managed to lose their deposits in the 1979 elections, can claim some notoriety nationwide, but if you ask anyone about a third party in Dangriga, you will get the same answer every time: Who? The voters in Dangriga realize that there is only one political party on the scene today that has national support, unified policies, and a working programme for progress and development, whether it be at the Town level or at the national level.

The voters of Belize City realized that last December when they voted UDP Nine Down The Line by the most massive majority ever seen in the history of politics in Belize. The people from the North, and the West, realize this and this is why they are flocking to the UDP in the thousands. And the people of Dangriga realize this, which is why they will give massive support to the two candidates of the United Democratic Party in Wednesday's election. The United Democratic Party is the alternative government; the United Democratic Party is the hope for a better life and a better Belize. The United Democratic Party is the Party for Dangriga. On Wednesday, Dangrigans will vote the UDP Two: Dr. Henry Anderson and Mr. Calistro Caliz. Say Yes! Dangriga, to a better tomorrow.

[Editor's Note: The Belize City DISWEEK in English on 24 February 1984, page A, reports the names of the six candidates contesting the Dangriga by-election: Six candidates representing three political parties will contest two seats in the Dangriga Town Board next Wednesday, 29 Feb. They are: Francis Castillo and Simeon Joseph for the PUP, Calistro Caliz and Henry Anderson for the UDP and Mrs Cecilia Aranda and Luke Palacio for the Christian Democratic Party, CDP.]

CSO: 3298/592

## NEED FOR PUP-UDP MUTUAL TRUST, COOPERATION DISCUSSED

Belize City THE BEACON in English 25 Feb 84 p 2

[Editorial: "The Question of National Unity"]

[Text] Two things, seemingly unrelated, have led us to consider the question of bipartisanship--the need for cooperation in certain areas between the government and the U.D.P.

The first of these is the Belize-Guatemala dispute, and the second is Government's so-called marijuana eradication campaign.

In relation to the first, a number of things seem to indicate that the stage is being set for a resumption of talks among Britain, Guatemala and Belize. There was the recent visit to Belize of General Gorman, head of the Panama based U.S. Southern Command. As we understand it, he held talks with U.S. Embassy and Belize Government officials, and the dispute was prominent on the agenda. The message General Gorman must surely have brought was that the Guatemalans were signalling the possibility of movement on the dispute. This would make eminent sense in the context of the overall regional security picture and the willingness of the Reagan Administration to resume military assistance to Guatemala. Clearly, the Americans are in the process of exercising some leverage on the Mejia Victores regime and a part of the quid pro quo must be that the Guatemalans show flexibility on the Belize question.

General Gorman's visit has now been followed by news stories in the P.U.P. press and on Radio Belize giving extensive coverage to a conversation which took place in Washington between the Guatemalan Ambassador and Belize's Edney Cain. The test of the conversation as reported, has the Guatemalans, almost as if on cue, taking an accommodationist line and suggesting a commitment to diplomatic rather than military means of settling the dispute.

Then in relation to the marijuana eradication campaign, there was the visit two weeks ago of a U.S. Drug Enforcement Administration official. He was here as a prelude to government's planned intensification, in conjunction with U.S. authorities, of its narcotics control measures including the resumption of paraquat spraying of local marijuana plantations.

For some time now the Belize Government has indicated its desire to have the U.D.P. take an active part in any negotiations concerning the Guatemala dispute. Indeed in the year 1978, a formal Memorandum of Understanding was signed by Government and Opposition in which both sides agreed to treat the dispute as being above party politics and requiring bipartisan cooperation. And we also happen to know that Government has been encountering heavy political weather in its marijuana spraying campaign and would like that matter treated by the Opposition as one requiring a united approach.

The trouble is however, that government seems to be interested in national unity only when it suits government's purposes. The U.D.P. has itself drawn up a list of subject areas--principal of which are the need to de-politicize Radio Belize and the need for urgent electoral reform--which in its view also demand bipartisan cooperation. And at the time of the Memorandum of Understanding government had agreed to dialogue on these issues. As soon as it was politically convenient though, government repudiated the Memorandum of Understanding, refused to budge on Radio Belize, and has so hogtied the commission on electoral reform that not even an interim report has been forthcoming from that body.

Since that time, the question of the possible realignment of existing electoral boundaries has also begun to loom large. But whether redistricting will in fact take place is being treated not as a matter of national interest, but as a closely guarded P.U.P. secret. And if the exercise does occur, we can be sure it will be sprung on us full-blown, without any opportunity for the U.D.P. or interested citizens to influence the way it is carried out.

The point we are seeking to make is this: There are obviously several areas requiring mutual trust between government and the U.D.P. The Guatemala dispute and marijuana eradication are only two of these. But while the U.D.P. has in the past proven its maturity and responded positively to calls for bipartisanship, it cannot allow the government to be selective in such calls for reasons of political advantage. Government too must show maturity and good-faith, commodities noticeably lacking in its previous dealings with the U.D.P.

By all means then, let the U.D.P. agree to treat the Guatemala dispute and the marijuana campaign as matters requiring a joint approach. But let the government first agree to treat Radio Belize, electoral reform, and the redistricting of the constituencies in similar fashion.

It is only if that can be done that the notion of national unity will begin to take on real meaning.

CSO: 3298/592



## SUCSESSES IN GOVERNMENT'S AGRICULTURAL POLICY REPORTED

Belmopan THE NEW BELIZE in English Jan 84 pp 7-9

[From the "Viewpoint" column: "Do We or Don't We Have a Farm Policy?"]

[Text] Some difficulties in the full implementation of the Caricom Agricultural Marketing Protocol have caused some concern among member countries of the Caribbean Community, including Belize. This is leading to a re-think on the region's marketing policy for farm produce.

Government's declared policy of self-sufficiency in food production despite positive programmes in agriculture and recent surpluses in basic crops has prompted a closer look at what the Ministry of Natural Resources has been doing.

There is a need to revamp the region's marketing protocol and a need for assured markets within the region.

### Innovative Farm Programmes

Over the years the government gradually introduced innovative farm programmes to shift the economy from being dependent on forestry to more viable agricultural economic activity. While this was taking place government also introduced, in stages, land reform programmes aimed at making more land available to farmers.

Today, agriculture has become the main stay of the economy with sugar and citrus as major industries. The government, with the assistance of various international development agencies, has also provided farmers with farm credit programmes to boost agricultural activity.

With the advent of the 1980's, this decade was declared the "Decade for Belizean self-sufficiency" by the government.

### A Stimulus for Production

This move was an indication that the government had taken a decision to revamp its farm programmes to boost production and productivity.

Before this, the basic concept which was successfully implemented was geared mainly at stimulating more farming activity and to encourage farmers to boost their cultivation of basic crops such as rice, corn and beans. Towards this end, the market structure and storage facilities were improved with the aim of making this country self-sufficient in these crops.

One of the stimuli provided to farmers by Government was high subsidized prices for those grains so as to stop importation.

It worked and perhaps it worked too well. By the end of 1981 millions of pounds of corn, rice and beans were produced. The valve had to be shut off for the importation of corn and beans from the United States of America.

But the success of the programme was not without its problems. Storage facilities were bulging at the seams as bumper crops had produced surpluses. The market for those crops was saturated. While Belize consumes 40 million pounds of corn annually, 45 million pounds were produced resulting in a surplus of 5 million pounds. The local market for beans is 3.8 million pounds and 4 million pounds were produced. The production of rice reached an all-time high of 20 million pounds of paddy. The 2 1/2 million pounds surplus was sold to Jamaica. Our surplus of beans was sold on the export market as well. However the export market for corn was depressed and so was the price.

Several lessons were learnt from this experience. One is that the question of self-sufficiency in the basic food products that this country is able to produce is no longer a doubt. The proof of the pudding is in the eating.

#### Need for More Storage

Another lesson learnt is the need for more storage. As a result of this experience the Extension Service of the Agricultural Department has now developed proto-type storage systems for on-farm and community storage facilities to encourage continuing grain production for the export of surpluses (at the right time).

But there have also been reasons for a re-think on the policy of self-sufficiency at the regional level vis-a-vis the national level.

The Belize Government has been working in accordance with the Caribbean Food and Nutrition strategy. This is geared towards regional self-sufficiency. It was anticipated that under this strategy there would have been a trading off of goods that we had a comparative advantage in producing with our Caribbean trading partners.

But as a result of the economic recession Belize was unable to sell some of the surpluses to other Caribbean countries.

Some Caribbean countries have also been receiving free surplus farm produce of which corn is one of them, from certain countries. This has somewhat affected our market.

## CFN Strategy Scrapped

Government therefore had to decide to scrap the Caribbean Food and Nutrition strategy because of breaches in the Caricom Agricultural Marketing Protocol and due to the lack of confidence in the Caricom currency which affected free trade.

It is hoped that regional governments will later on this year agree to a Common Agricultural Protection Policy to replace the Caricom Agricultural Marketing Protocol. With such a policy, Belize would be in a stronger bargaining position in the Caribbean region and we would be in a better competitive position within the region.

Government's policy is that the best way to save money is to develop a strategy towards complete self-sufficiency.

Towards this end a long term farm policy is being implemented. This provides for broad expansion of production and the utilization of improved technology.

## Vegetables All Year Round

Belize is already in a position to produce some vegetables all year round. However because of climatic conditions it is not possible to constantly be self-sufficient in certain vegetables which have consumer preferences.

The immediate emphasis is to establish an oils and fats industry and an expanded cattle industry including dairy production and processed meats. Collectively, local production in these areas will initially represent a \$50 million savings on imports.

The farm policy of the government is being implemented in phases of three year periods for this decade. But it is aimed at long-term development. It has to be understood that any farm policy and any production in this area must be flexible to the very sensitive and changing market situation. The success of any farming programme is dependent on its ability to adjust to the changing reality of the market situation which in very simple terms relies on the economic principle of supply and demand.

CSO: 3298/592

## PUP SENATOR ADDRESSES PARTY'S STATUS IN TOLEDO DISTRICT

Punta Gorda TOLEDO STAR in English 18 Dec 83 p 3

[Text] In a move reminiscent of the attack made by the rightists against the communists in the PUP Central Party Convention (Sylvestre vs. Musa) this year, PUP Senator Herman Lewis circulated a 3-page mimeographed message to the Conventioneers of Toledo South division last Sunday (Dec 4th) in which he said in part:--

'I am just an ordinary member of the National Body of the People's United Party. Yet, I want to make a policy statement, as it relates to the Toledo District, and more particularly to the Toledo South Division...

'The task of bringing back the P.U.P. in the South was a very, very difficult one. From 1976 to 1981 it became vibrant--very much alive. That vibrancy and vigilance produced tangible results: 2 successful candidates in the 1978 Punta Gorda Town Board elections and all 7 successful candidates in the 1981 Punta Gorda Town Board Election.'

Senator attributes these gains to hard work done by himself, Calvin Avilez, Herman Usher, Gertrude Caliz, Miss Ben Petillo and others--but has excluded one of the successful candidates in '78 and '81, and who has become the Mayor of Punta Gorda, Mr Leigh Usher.

He continues: 'In 1978, the Community Projects Committee, a wing of the Executive Committee, recommended the colassing of the Punta Gorda Main Street. Herman Lewis then Chairman of the Toledo South Executive Committee requested the Central Government for help in this regard. That recommendation is today being implemented.'

(Ed. Note: Actually recommendations and approval to colass not only Main Street but other Streets and one-mile along the ribbon community of Forest Home took place in 1973 during Hon Martinez' term. It was not done because UDP won this southern division)

The Senator continues: 'Lamentably, since the latter part of 1981, and up to this day, the situation is getting worse, day-by-day, the Toledo South Branch has been slipping badly. Hate, grudgefulness and greediness are tearing the Branch Party to pieces. Political opportunists want to become Senator, Minister and Prime Minister overnight!

'In 1979 Mr G. Price and Herman Lewis visited a goodly number of homes in Punta Gorda so as to get a feed back from the poor and needy. When last did you see the faces a Minister/Political Coordinator and the Chairman of the Executive (who is also the Mayor) in your homes?

'Did you know that the Mayor, scratched a lot of the P.U.P. members' names from a list of delegates to the Belize City held, National Party Convention earlier this year? Yes, this is the same man suppose to love us so much. [as published]

'Can you remember the time when the P.W.D. demolished the Old Town Hall? Being the Mayor of the Town, Mr Leigh Usher was consulted about the distribution of the materials. The Mayor's reply was: "These people are hard to satisfy. You (meaning the PWD) do what you like with the materials". Many of you would have done well with some zinc and a few pieces of lumber. But the very Chairman of the Executive deprived you of that privilege.'

Mr Lewis then admonished the PUP Members who were to vote for a Toledo South Executive to rise to the challenge, and vote for 'non-malicious' aspirants. And he ended the leaflet with these words:

'Finally, a word of warning: Under no circumstances are we to accept the slating of candidates. That has not worked in Toledo; Because of the slating business, we are going to the dogs!"

When the votes were counted, Mr L. Usher (the Mayor) topped the polls, but Senator Lewis also got in, along with (according to him) 6 executives who are supporting him. In a body of 9, Mr Usher therefore has 2 in his favour. Naturally, the PUP exercise of last Sunday is in preparation for the General Elections next year. But already, the Toledo South Executive of the P.U.P. is deeply divided, defeating the purpose for which it was elected in the first place: to unite the Party and rally for one standard-bearer.

CSO: 3298/593

## BRIEFS

DROP IN LENDING RATE--The Central Bank of Belize has announced that effective from January 12, the prime lending rate of the four commercial banks in Belize, the Royal Bank of Canada, the Bank of Nova Scotia Barclays Bank International and Atlantic Bank Ltd. has been reduced from 14 percent to 12 percent per annum. Interest on deposits have also been reduced. The rate of interest on deposits has been reduced from 10 percent to 7 percent for one month fixed deposits, from 12 percent to 9 percent for three to six months fixed deposits and from 12 1/2 percent to 9 1/2 percent on twelve months fixed deposits. A Central Bank official stated that the interest rates reduction is very much likely to enhance the investment climate in Belize. In other financial reports from the Central Bank, mention was made that the Belize Government ran a current account surplus for the period 1977-82 and a deficit for the first nine months of fiscal year 1982-83. The deficit was attributed largely to the world economic situation, particularly to the low price of sugar and the triple devaluation of the Mexican peso which caused an estimated loss of Bze \$5M from anticipated revenue that would have been earned from re-exports to Mexico. [Text] [Belmopan THE NEW BELIZE in English Jan 84 p 13]

FOREIGN LABOR ISSUE--Minister of Labour, Social Services and Community Development, Mr David McKoy last week told the Belize National Builders Association that Government will do everything possible to protect the rights of the Belizean worker where the employment of foreign labour is concerned. Minister McKoy met the Association's Executive Committee to discuss the matter of foreign labour brought into Belize to carry out building construction. The Committee expressed concern at the influx of foreign labour and the problems this was causing within the building trade. The Association was represented at the meeting by Mr Rodwell Williams, President, Mr H Williams, Vice President, Mr Norman Boyd, Secretary, and Mr Carlos Barillas, Treasurer. Present at the meeting were the Permanent Secretary, Ministry of Labour, Mr Eric Fairweather, and the Labour Commissioner, Mr Raimundo Cuellar. [Text] [Belize City BELIZE SUNDAY TIMES in English 26 Feb 84 p 13]

CSO: 3298/593

## REPORTAGE ON PROTEST ACTIVITIES

## Explosives Cache Discovered

PY261721 Madrid EFE in Spanish 1433 GMT 25 Mar 84

[Text] Santiago, Chile, 25 March (EFE)--The political police have discovered a cache of explosives in the neighborhood of Chillan, 400 km [south] of Santiago. The cache contained 160 sticks of ammonia gelatin, detonators and rapid-fire fuses with detonators.

The Intendency of the Eighth Region reported today that the explosives were hidden in the neighborhood of several high tension pylons and that they were buried under a small roadside chapel.

A fire broke out early this morning in Puerto Montt, 1,100 km south of Santiago. The fire captain called it intentional and it has ruined 40 percent of a terminal.

## 'Subversives' Burn Two Buses

PY270059 Santiago Radio Cooperativa in Spanish 1715 GMT 26 Mar 84

[Excerpts] Two attacks against buses owned by private companies took place this morning in Valparaiso. According to police sources these attacks featured a smoothly coordinated action by subversives.

The first attack took place at Quebrada Verde Avenue corner of Pacifico Street, Playa Ancha District, at 1108 hours, affecting a bus owned by the Central Placeres Company.

The second attack took place at the intersection of Errazuriz and Stomoyaor Streets, at 1109 hours, affecting a bus owned by the Expreso Vina Company.

Both buses were completely destroyed after they were set on fire and no victims were reported. Cost estimates covering the damage are still pending.

Initial reports say that the subversives chose buses that had no passengers abroad. They then squirted benzine on the buses, set them on fire, and fled in a vehicle that was parked nearby waiting for them. Reportedly four to five people participated in each attack.

### Explosions in Subway System

PY261510 Santiago Domestic Service in Spanish 1100 GMT 26 Mar 84

[Text] The Carabineros have officially reported that there were four attacks against the Santiago subway system. The terrorist attacks occurred between 0500 [0900 GMT] and 0530 [0930 GMT] this morning.

One of the attacks took place in the tunnel between Banquedano and Salvador stations, where a bomb that had been placed there by terrorists damaged the rails. Because of this attack traffic had to be suspended between Plaza Baquedano and the military school.

Another device was placed in the air duct located in Providencia, in front of the premises that carry the number 215. Carabineros also reported that a bomb also exploded in the installations of Franklyn station. The fourth device exploded in front of the metal gates of Viel station.

Due to these attacks the service on line number two has been suspended.

Finally, the police reported that a low powered device exploded in an electricity feeder station located in front of 2463 Domingo Santa Maria St, located in the neighborhood of (Renca). The explosion cut the electricity system.

### Bombing Suspect Arrested

PY271332 Santiago Domestic Service in Spanish 1100 GMT 27 Mar 84

[Text] The terrorist who set off a bomb at the Franklyn station of Santiago's subway system has been captured. The extremist, who has been identified as (Raul Enrique Blanchet Monoz), left the country as an exile in 1977, but he returned last year to carry out terrorist activities in the country.

The security services have discovered a very large laboratory for manufacturing explosives, in the house where the terrorist lived. The house is located on the corner of Club Hipico and Rondizzoni Avenues.

(Blanchet Monoz) was arrested in the neighborhood of Franklyn station, where [he] was found in a van. An automatic pistol was found on him while he was being questioned. During the questioning he confessed that he is a member of the self-named Manuel Rodriguez Combat Command.

The terrorist will be placed at the disposal of the military courts.

CSO: 3348/340



## DETAILS OF TORTURE, DETENTION CENTERS 'REVEALED'

PY281507 Paris AFP in Spanish 2316 GMT 27 Mar 84

[Text] Rome, 27 March (AFP)--Jorge Carrasco, who has been a refugee in Italy since December 1983 and a former member of the Chilean National Intelligence Center (CNI), today revealed where torture and detention centers are located, the names of those who are responsible for them, and the CNI's involvement in several attacks.

According to Carrasco, the Carabineros Special Instruction Center (CEICAR) [Centro de Especialidades de Instruccion], the Air Force Intelligence Center [Central de Informacion], the building that is located at 80 Bulnes Avenue in the Chilean capital, and the Diego Portales Building are presumably the main torture and detention centers of the Chilean regime.

Carrasco asserted that the CNI was responsible for the attack last year in which Santiago Intendent General Carol Urzua died and also for the death of labor leader Tucapel Jimenez in 1982.

Carrasco has also charged that one of the top-ranking members of CEICAR, Instructor Perez, and Lieutenant Basaletti Rias--also a member of that organization--are the worst torturers.

He said that he does not believe that any of the 2,500 persons who disappeared after the 1973 coup are alive at this time, but I have always suspected that the UNCTAD Building (Diego Portales Building) is a place where some of them may still be held.

According to Carrasco, 27, an Air Force lieutenant, all the aforementioned organizations coordinate their actions with the CNI, which in turn comes under the direct charge of General Augusto Pinochet.

During the course of the interview, which he had originally refused to grant due to the fear of reprisals against his family, Carrasco was completely at ease and he termed as infantile the denials that the Chilean Government made last month regarding his role as a former member of the CNI and Air Force.

Carrasco said that security agents infiltrate all community groups and then pass on their information to their respective centers, these centers then pass the information on to the CEICAR, which in turn hands it to the CNI.

Regarding the case of labor leader Tucapel Jimenez, presiden of the National Association of Public Employees, he said that the CNI knew of every move that was made by the taxi in which Jimenez worked.

Carrasco has asserted that the attack against Urzua (intendent of Santiago) was planned by the CNI [words indistinct] the MIR (Movement of the Revolutionary Left), who was under arrest.

The shootout that was talked about with people of the MIR did take place, but it was precisely against one of those public premises, rented by the security forces, where six detained Mir members had been previously lodged in order to kill them. Those people had absolutely nothing to do with the attack, Carrasco said.

In this respect, he added that of the 2,500 persons who disappeared, many were taken in freight trains to the area of Pisagua, where they were machinegunned, and others were held in Santiago in order to use them in attacks such as the one that was carried out against General Urzua.

Carrasco then indicated that at the present time they must be planning other attacks and he placed the recent attack against Deputy Jorge Lavandero in this category.

He also said that many times common criminals participate in this type of action. They are paid \$60 to kill a person and make it look like a case of robbery.

Carrasco also said that the security organizations have stipulated a prize for the person who can come up with a plan to kill labor leader Rodolfo Sequel without leaving any evidence.

Moreover, he mentioned that there are some German instructors in Chile. They are there at Pinochet's request and they are paid by the FRG Government.

According to Carrasco, the members of the armed forces have a set salary, but when they serve with the security forces they are given a 50 percent raise.

He also said that when a person is detained on orders of the CNI, no documented proof of this arrest exists (whether the person had been held at some police station, for example).

Carrasco, who, during his first meeting with the press in February, said that he had socialist leanings, arrived in Italy on 24 December 1983 with his wife and son. Just after his arrival he began to cooperate with Amnesty International.

Through Italian friends with whom he made contact in Chile he was able to speak with a member of the United Nations. A while afterward this organization granted him refugee status under the high commissioner.

Carrasco's brother, Javier Carrasco, who is commander of the Carabineros, who Jorge says he hates and accuses him of being responsible for many deaths immediately after the 1973 coup, has, since his brother's escape from Chile, sworn to kill him.

## EXPORTS TO CACM COUNTRIES DECREASE, IMPORTS RISE

Guatemala City DIARIO EL GRAFICO in Spanish 15 Feb 84 p 37

[Text] The value of Guatemalan exports to the rest of the countries that form part of the destitute Central American Common Market (Costa Rica, El Salvador, Honduras and Nicaragua) diminished by 20 million quetzals, according to unofficial computations.

While the value of said exports during 1982, according to figures from the Bank of Guatemala, was somewhat over 337 million quetzals, according to preliminary estimates from SIECA [Secretariat of Central American Economic Integration] the amount would have reached only about 318 million quetzals in 1983. The country with the largest contraction in purchases was El Salvador (see chart).

## Imports From Area Increase

According to estimates from SIECA, Guatemalan imports coming from the Central American region would have increased by about 11.5 million quetzals. Costa Rica was the Guatemalan provider who gained the most from this situation.

Guatemala: Trade With C.A. (1982-1983) in thousands of quetzals

<u>Country</u>	<u>Year</u>	<u>Exports</u>	<u>Imports</u>
Costa Rica	1982	51,571.9	58,018.0
	1983	51,410.0	85,705.0
El Salvador	1982	190,287.9	117,449.6
	1983	160,711.0	101,657.0
Honduras	1982	50,563.2	25,293.0
	1983	52,378.0	25,538.0
Nicaragua	1982	44,914.0	14,301.3
	1983	53,434.0	13,648.0
Total	1982	337,341.0	215,061.9
	1983	317,933.0	226,584.0

1982: The Bank of Guatemala (Statistical Bulletin 3183)

1983: Estimates by SICEA (January 1984)

## MEJIA SAYS NO INVASION OF BELIZE PLANNED

Guatemala City PRENSA LIBRE in Spanish 10 Mar 84 p 2

[Text] My government will not make any aggressive decision against the territory of Belize, the head of state, Gen Oscar Humberto Mejia Victores declared yesterday, in referring to the persecution existing against Guatemalans in that disputed place.

As is known, in most recent days, according to information coming from the border at Melchor de Mencos, Peten, several Guatemalans have been expelled from the Belize territory and some others have been imprisoned.

When queried by a journalist from PRENSA LIBRE in the corridors of the national palace, the president said that there was not an official version about what was occurring in Belize.

It is also known that the prime minister of the territory, George Price, has sought the support of the British troops billeted there, to strengthen surveillance along the border, trying to avoid some pretended aggression by the Guatemalan army.

Yesterday the head of state reasserted again that his government will not take any action against that territory.

"I believe," he asserted, "that dialogue is the best way to state our differences, but such talks will have to be with England."

12448

CSO: 3248/492

## PNR SECRETARY GENERAL RESIGNS

Guatemala City PRENSA LIBRE in Spanish 23 Feb 84 p 40

[Text] "I have resigned irrevocably from the general secretariat and as a member of the Reformist National Party [PNR] because I object to the fact that some leaders have formed alliances with groups that are not ideologically related to the PNR and that look, above all, for an electoral opening."

The above statement was made last night to PRENSA LIBRE by Dr Mario Castejon, who unexpectedly renounced all ties with the PNR.

He pointed out that besides other existing problems, the fact that the PNR, a group with a specific ideology, should be looking for electoral alliances with groups that are not compatible with the party was the last straw.

"This decision was taken against the judgment of a group of consultants and against the decision of the general secretariat."

He made it clear that he presented his resignation, a complete break with the PNR, at a meeting held yesterday with the rest of the party's leaders, which was also attended by attorney Alejandro Maldonado Aguirre.

He stated that he is not thinking of returning or of reconsidering his resignation even if he were promised that the PNR would leave the Coordinator [CD], a group that is only causing confusion in public opinion.

The political leader said also that the political committees that make up the CD do not have any defined ideology, and as is logical, this does not get them any public support.

"In relation to the previous statement," he continued, "the recent and inadvisable integration of a CD of a certain political philosophy has caused surprise and dismay among the various sectors, which forces me, in my capacity as citizen, political leader and legal representative of this party, to present by resignation as member and as general secretary."

Finally, Dr Castejon asserted that he will not retire from politics and will look for another group where his clear and defined ideas, framed in a liberal democratic philosophy, may fit.

## SUPREME COURT TO REPORT ON SPECIAL TRIBUNAL CASES

Guatemala City EL IMPARCIAL in Spanish 10 Mar 84 pp 1, 10

[Article by Manuel Barrientos]

[Text] Next week the Supreme Court will present to the Foreign Office a detailed report of the cases which were aired by the special law courts, in view of the demand the Ministry of Foreign Relations made for this purpose, in due time, calling for a summary of such trials.

It was pointed out in advance that the report being made will include the names of the persons tried by the disappeared special tribunals, as well as other details relating to the proceedings of the aforesaid trials and everything related to them, so that the Foreign Office will have a comprehensive report of these judicial proceedings.

Likewise, the names of the persons sentenced to capital punishment by shooting will be disclosed, as well as the names of those currently serving sentences as a result of conviction by the special tribunals, will be disclosed, as well as the names of those who are serving their sentences in the internment centers of the country, which were dropped by the law of reduction of sentences, for the benefit of those who have broken the law and are in prison.

## Special Tribunals

The special tribunal "established for the places or areas experiencing conflict by means of Decree 44-81 on 9 July, will function within the prevailing exceptional measures, empowered to resolve and carry out the judgments specified in the aforesaid law," according to Mr Haroldo Carbrera Enriquez, then assistant minister of Interior.

## Opposition to Special Tribunals

While the special tribunals were in operation, several legal experts, academic organizations and persons versed in penal processes and procedures, as well as the legal convention held on 21 March 1983, went on record against the functioning of these courts.

Remanded 150...

According to an official report, issued by the government spokesman at the time, Gonzalo Asturias Montenegro, the number of cases which had been transferred to the special law courts was 150 on 31 January 1983.

He also admitted on that date that in 70 of the cases a verdict had been declared and that most were sentences of acquittal.

#### Suppression

Since it was proved that the existence of the special law courts constituted an open challenge to the law, and as a consequence of the intensive campaign which was waged against the functionary of these courts, the government which overthrew that of Rios Montt agreed to suppress such courts starting in 7 September 1983.

12448

CSO: 3248/492

## PRESIDENTIAL AMBITIONS IMPEDE LEFTIST UNITY

Guatemala City DIARIO EL GRAFICO in Spanish 13 Mar 84 p 8

Text Guatemala City, 12 Mar--Efforts to unite sectors of the democratic Left of Guatemala continue to encounter obstacles difficult to overcome, according to what is inferred from the latest statements of leaders of these groups.

One of those obstacles reportedly is the fact that several individuals who are considered "presidential" have emerged from the various groups located to the Left of the national political scene. And, as if that were not enough, each of these groups wants to play its own hand to the end, it was indicated.

For example, Cesar Augusto Toledo Penate, secretary general of the United Revolutionary Front (an organization founded by the late leader Manuel Colom Argueta), has declared his willingness to "sacrifice" his participation as presidential candidate for the sake of leftist unity. However, it is understood that his decision would be conditioned on acceptance of the mayor of the capital, Eng Jose Angel Lee, and the rector of San Carlos University, Dr Eduardo Meyer, as unifying options.

Toledo Penate's suggestion has generated reaction from other committees that carry the leftist banner, fully aware that they also have hands to play when the time comes for the contest on candidacy to the presidency.

For example, a leader of the Christian Democratic Party (the only leftwing party that has participated in elections in the past 20 years), Ricardo Gomez Galvez, has commented: "Although the persons proposed by Toledo Penate are very respectable and deserving, the truth is that there are others in this country who, identified with the democratic Left of Guatemala, can perfectly achieve that unification."

The cracks that are beginning to be seen among the country's leftist sectors could widen if the antidote to the "presidentitis" which thus far prevails is not found, he said.

9925

CSO: 3248/486



## PNR LEADER ON DISCRIMINATION AGAINST INDIAN POPULATION

Guatemala City LA RAZON in Spanish 22 Feb 84 p 5

[Text] Traditionally the Guatemalan juridical system has been structured around the Ladino population and the cultural environment in which this sector evolves, leading to discrimination of the dominant social group against the country's Indian population.

A statement to this effect was made by Dr Mario Castejon, leader of the Reformist National Party [PNR], while explaining his position on constitutionalism during a seminar organized by this party.

The established juridical system has been a legal framework or an additional factor that deepens the profound chasm separating the Indian population from the Ladino, the political leader stressed.

"From its position at the peak of the traditional juridical system established by the supreme law of the land, the Constitution has reaffirmed the terrible alienation of the more than 50 percent of the population which is discriminated against," emphasized Dr Castejon.

In fact, this is why all the constitutions, even those that had regulations with articles devoted to the Indian race, have the effect of magnifying even further the differences between the two sectors.

That difference between these two social classes and racial groups can be seen not only from the juridical viewpoint, but also in the social and economic aspects.

The situation of the Indians is more dramatic in relation to this last consideration. Even though the social habits and conditions of the Indians vary substantially from region to region, their livelihood derives from a subsistence economy that consists in the production of the basic grains and cloth for family consumption.

The income from this domestic production is usually supplemented by the employment during each season of the year of one or more family members in the business sector, mainly on the coffee plantations.

The salaries, which do not conform to the law, are adjusted with payments in kind that consist of corn, beans and rice.

Part of the Indian population lives permanently on farms or plantations where they are granted small plots of land for the cultivation of their food; but this does not basically alter the dual character of the Indian way of life, that is to say, they are partly farm laborers and partly small-scale agriculturalists.

As a result of the limited interaction of the Indian population, who still use primitive methods of production, with the economy's business sector, there is a substantial difference between the income and the economic level of the Indians and that of the Ladino population.

The problem Dr Castejon poses is grave and deserves to be taken into consideration, in that since there is no specific legislation for persons with blue eyes, neither should there be any for those whose skin is darker, even if their customs differ from those of part of the population who have a Westernized lifestyle.

In this context the leader of the PNR stated that "if one judges quantitatively, it should be recognized that since half of all Guatemalans maintain traditions that are racially and culturally different from those of the other half, the national legal system should contain regulations that take into consideration the rights of both groups, and neither of them should be ignored."

On the other hand, the alienated population should not be treated with condescension or paternalism because as honorable human beings they do not deserve such treatment, Dr Castejon stressed.

For example, said the political leader, Article 110 of the 1965 Constitution stated: "The state shall foster a policy that encourages the socioeconomic well-being of the Indian groups for their integration into the national culture;" it turns out that not only has this regulation been glorified, but that it is also false.

Also the political leader emphasized the absurdity of the fact that the same legal precept that contains this article also establishes Spanish as the official language, paying no attention to the languages and dialects that represent the only means of communication among the Indian population.

In this context, he said that it is necessary to recognize from the start that in order to build a nation we will have to be aware of those elements that may serve to identify a common ideal among the mentioned sectors.

It is necessary to accept the elements that may represent unity and that will serve to find an answer that could justly be called national identity.

On the other hand, he said that it should be determined whether there is additional uneasiness among the Indian sectors, related to peoples' rights

that have not been included among the traditional rights guaranteed by previous constitutions.

In relation to the right to own property, we would also have to ascertain the problems faced by the Indians in this respect.

Finally, the PNR leader pointed out that a regulation would have to be included that would force the publication of the Constitution and of important laws such as the Civil, Penal and Labor Codes translated into the 22 languages that form part of the national language.

"In Guatemala there should not be any second-class citizens alienated by frustration or by the lack of interest that has characterized past times," he concluded.

9907

CSO: 3248/470

## BRIEFS

MAYORS OFF ELECTORAL BOARDS--Mayors cannot preside over departmental or municipal electoral boards, and cannot even be members of them, according to decree-law 20-84 released yesterday by the government. Col Manuel de Jesus Giron Tanchez, secretary general of government headquarters, at a press conference yesterday explained the reasons for the change to the Supreme Electoral Tribunal [TSE] law and to the electoral law, which had stipulated that mayors would preside over the boards. The decree changes article 33 of decree-law 30-83 to read as follows: "Article 33. Each departmental or municipal electoral board shall be composed of three members, with the positions of chairman, secretary and members, as well as an alternate." As the top municipal authority, mayors must offer all the cooperation required of them so that the electoral process is carried out in compliance with the law and in a framework of absolute purity and impartiality. Giron Tanchez said the decision had been made by the chief of state, considering that some doubts and wrong interpretations had been raised on the matter. The government wants elections to be held without pressures of any sort and that is why it amended the law. Regarding the movement of ballot boxes, Giron Tanchez said that based on another government decision, ballots will be transported by institutions to be designated by the TSE, such as firemen, boy scouts and others. The army can provide the necessary assistance, particularly on security matters to prevent attacks. [Text] [Guatemala City PRENSA LIBRE in Spanish 9 Mar 84 p 2] 9925

CARDAMOM EXPORTS--Cardamom exports made through the mechanism established by the Association of Cardamom Producers [APROCAR] have generated earnings of 32.9 million [quetzals], it was announced yesterday. The Ministry of Finance and the Bank of Guatemala issued specific standards for cardamom exports, assigning to APROCAR the administration of the mechanism. Exports are made once APROCAR certifies to the quality and price of the product, which in turn are ratified by CENTRANS, S.A. In this way, national interests are preserved through adequate supervision of exports, which in the case of cardamom has been entrusted to the private sector represented by APROCAR. Cardamom exports exceeded 9.6 million quetzals from August to December 1983, and according to preliminary figures, exports in January amounted to more than 8.4 million. It is estimated that cardamom exports from August 1983 to January 1984 have brought earnings of 32.9 million quetzals. Lastly, it was announced that the procedure followed for cardamom exports is taking increasingly less time. In February, for example, the requirements were completed within 48 hours. [Text] [Guatemala City PRENSA LIBRE in Spanish 14 Mar 84 p 12] 9925

IMPORT INCENTIVES LAW--For the purpose of reactivating the country's economy and increasing foreign exchange revenues, the head of state today issued Decree 21-84, by means of which a law of incentives is established, the purpose of which is to regulate the activities of industrial firms engaged in the production of export goods to other countries different from those of the Central American Common Market, under the rules of temporary importation with suspension of payment of tariff duties. The leadership of state believed that to achieve the objectives of economic reactivation and increased foreign exchange revenues, it would be justifiable to replace the law previously in force with another to fully regulate the rules governing the temporary suspension of payment of tariff duties and other taxes, for the introduction of raw materials, semifinished products and other goods to be used in such industries. According to this new law, firms will enjoy full benefits provided they meet the requirements and qualifications assigned by the Ministry of Economy.

Text Guatemala City DIARIO DE CENTRO AMERICA in Spanish 9 Mar 84 p 1  
12448

CSO: 3248/492

## BRIEFS

PAZ BARNICA RECEIVES FRG PARLIAMENTARIANS--Last weekend Honduran Foreign Secretary Dr Edgardo Paz Barnica received a group of FRG parliamentarians, representatives from the FRG's major political parties. According to Paz Barnica, they not only discussed bilateral issues like the FRG's substantial economic cooperation with Honduras, but also the Central American situation, Contadora Group efforts, and other area issues such as democratic processes, security, politics, human rights and international cooperation for development. The foreign secretary termed the talks both fruitful and positive. [Summary] [PA061559 Tegucigalpa Domestic Service in Spanish 1130 GMT 5 Mar 84]

CSO: 3248/515

## DE LA MADRID DESCRIBES MILITARY AS 'CORNERSTONE'

Mexico City EXCELSIOR in Spanish 20 Feb 84 pp 1-A, 12-A, 32-A

[Article by Jesus M. Lozano]

[Text] "During the period of uncertainty observed at the start of the present administration when strict discipline had to be imposed, the Mexican army was the cornerstone of our contemporary history, since it kept intact our vital concept of a free and sovereign nation, the free play of our democratic system and, fundamentally, social peace," President Miguel de la Madrid told the military yesterday in a message issued in connection with the day dedicated to the armed forces.

The message which was read by the presidential chief of staff, Gen Carlos A. Bermudez, also said: "The republic is strengthened when we call attention to the work being done by an institution which is the pillar of our country's institutional life."

The message was read during the breakfast held by the president in honor of the army and air force at the Tlapan Military College, which was attended by the staffs of the army and navy, the secretaries of government and foreign relations and the head of the department of the Federal District, in addition to several old revolutionaries.

The president's message also said: "Recognition of the integrity, verticality and spirit of sacrifice of the armed forces and their nationalist activities ennobles national life. The exemplary nature of these values has promoted an ambience of peace, tranquility and security, factors which are necessary for the country's harmonious development."

#### Army and Air Force

"The increasing and continuing transformation of Mexico, our deep-rooted concept of nationalism, the daily confrontation of our acute problems through the feasible and effective application of solutions to attain objectives and goals, the strengthening of our bonds of social solidarity and the full enjoyment of justice and freedom necessitate the cooperation of our army and air force, which by serving in a clear projection of our revolutionary antecedents are helping to maintain the ambience needed for our development and are a permanent factor in the social well-being of the people of Mexico.

"It can be said that, in spite of the uncertainty which was present at the start of the present administration and the strict economic discipline which had to be imposed, the period that has transpired can be described as the cornerstone of our contemporary history, since it kept intact our vital concept of a free and sovereign nation, the free play of our democratic system and, in a fundamental way, social peace.

"The Mexican army and air force, as basic elements of the state's political structure, shared with the state and society a difficult testing period from which they emerged stronger, with a spirit of greater social solidarity and increased citizen awareness.

"I call upon the army and air force to continue being a worthy steadying influence for national democratic institutions."

The message was heard by 1,756 persons, ranging from private to division general, from cadet to professor, all of whom were assembled around 176 round tables.

The table of honor was occupied by the president of the republic and at his side were the secretaries of defense and navy, Gen Juan Arevalo Gardoqui and Adm Miguel Angel Gomez Ortega; of foreign relations, Bernardo Sepulveda; the head of the department of the Federal District, Ramon Aguirre Velazquez; and Manuel Bartlett Diaz, secretary of government.

The following persons were also in attendance: Miguel Gonzalez Avelar, Jorge Inarritu, Generals Alfonso Corona del Rosal, Marco Antonio Guerrero Mendoza, Vinicio Santoyo Feria and the director of public relations of the presidency, Manuel Alonso.

#### Loyalty of the Mexican Army

There were several musical numbers and then a speech delivered by Gen Jose Angel Garcia Elizalde, private secretary of the defense chief in which he said: "The Mexican Army's loyalty has been and will be the basis of its existence. In every corner of the country there is a member of our armed forces ready to give up his life if necessary."

Then he added: "Day by day we are overcoming the difficulties inherent in a society which is continually growing, a society which in an interdependent and convulsed world has not dropped its guard as it defends its most valued historical conquests.

"Our armed forces are an example to the world of loyalty to laws, of protection of democracy, of security with the great majorities of the people in their continuing struggles to fulfill our national destiny.

"We are proud to be part of an army which from its origin has maintained steadfast loyalty to its flag, people and institutions. The Mexican Army has been and is the most stalwart bastion of social peace, since it is aware that there can be no progress or worthy coexistence among human beings outside the framework of legality."



The strength of the army is and has been its unity toward the institutions which the people have created for themselves. The commitment of the armed forces is the same as that of the president of the republic; therefore, no one "will take from us our victory over adversity."

A little later Gen Juan Arevalo Gardoqui presented a saber to President De la Madrid and told him:

"This saber symbolizes the devotion and loyalty of the members of our armed forces to the institutions which the Mexican people have created for themselves.

"With the presentation of this symbol to President Miguel de la Madrid, we reiterate the unshakeable will of all Mexican soldiers who are united in loyalty to their fatherland, in loyalty to their institutions, in loyalty to their government and in loyalty to their people.

"Citizen president of the republic, please accept this symbol of the loyalty and respect of the armed forces, along with our recognition of your intelligent and patriotic efforts which demonstrate to all Mexicans that the only just principle of action is the fulfillment of duty and that the absence of egotism is the mystique which energizes the will to be responsible at all times."

The ceremony was concluded with the rendition of honors to the president.

8143

CSO: 3248/488

## DEATH OF CUBAN REFUGEE IN LIMA REPORTED

PA231754 Havana International Service in Quechua 2200 GMT 18 Mar 84

[Excerpts] Reports received from Lima, Peru, indicate that women, children, and the aged are living crushed together as refugees in Tupac Armaru Park, in the San Luis District. The undesirables who had requested asylum in the Peruvian Embassy in Havana as a result of evil U.S. propaganda reported that Cuban undesirable Manuel Villasoto, who resided in that park along with other undesirables, died in a most unfortunate manner for lack of medical attention. The man died of an illness because he did not have the means with which to pay a doctor. Physicians in capitalist countries do not practice because of humanitarian feelings, but to obtain money, and their fees are very high.

Villasoto also died for lack of medicine. It was a pitiable situation, because there was not a penny available for his funeral or other expenses.

Such a thing would never have happened to that man if he had not left Cuba in response to evil imperialist propaganda. In Cuba he would have received free treatment, been hospitalized, received medicine and been given the best of attention, because medical attention is free in Cuba for peasants, students and everyone else. In other words, in Cuba no one dies for lack of medical attention, and no one pays anything, which is not the case in capitalist countries.

CSO: 3348/339

MANUFACTURERS ASSOCIATION PLANNING TRADE MISSIONS ABROAD

Port-of-Spain TRINIDAD GUARDIAN in English 7 Mar 84 p 4

[Text] The newly-formed export division of the Trinidad and Tobago Manufacturers' Association will be mounting at least two foreign trade missions this year.

According to a release, the dates and target markets of these missions are still to be identified but the association will be working closely with the Export Development Corporation (EDC) on this project.

Among other plans the division has for this year is the conducting of regular workshops and seminars for exporters.

Topics to be discussed include export costing and pricing, transportation and documentation, identifying export markets, export financing, packaging and labelling and internal and external constraints on exporting.

The association formed its export division in February and elected the following members to serve on its executive committee: Roger Vieira, chairman, Edward Habib, vice-chairman, David Wrigley, vice-chairman and members Robert Clarke, Laurie Chin Cheong, Gerard Williams, Gabriel Faria, Alan Pinkerton and Stephen Webster.

In keeping with the national thrust, the association is inviting all individuals and corporations who have a contribution to make in the export area to become involved in the export drive.

It has outlined the major objectives of its association as:

.To promote, project and in any way possible further the advancement of the country's non-oil exports;

.To provide the necessary link between the Export Development Corporation and the wider body of exporters;

.To create a positive, confident attitude towards exporting among local manufacturers;

.To work through the EDC wherever possible in ensuring that exports receive the necessary high priority for the easy flow of raw material into plants and finished products;

#### Export Potential

.Collecting data on local products that have export potential which exercise also includes the sorting and storing of export data in an easily accessible form.

The TTMA said it saw the export drive as an integral part of the industrial development strategy of the country.

It added that it recognised the fact that unless an effective export drive is mounted, the demands on the oil-funded foreign exchange reserves will escalate to the point where even more drastic measures may have to be implemented.

CSO: 3298/600

STEEL COMPANY SENDS OFFICERS ON HUNT FOR FOREIGN BUYERS

Port-of-Spain TRINIDAD GUARDIAN in English 8 Mar 84 pp 1, 20

[Text] Based on assurances that the ISCOTT Melt Shop is resuming full operations after the recent closure caused by a furnace explosion, a high-powered team of officials from Central Trinidad Steel Limited (Centrin), led by its Chairman, Mr. Krishna Narinesingh, has gone to Jamaica, Florida and New York to resume and finalise negotiations for the export of finished products into Jamaica and the United States.

Accompanying Mr. Narinesingh are Mr. Jack Ramoutarsingh, Managing Director and Mr. Winston Chin Cheong.

The downstream rolling mill, which started operations in May 1983 using ISCOTT's billets, was originally projected to commence exports at least one year after the mill had reached its guaranteed capability.

However, because of the downturn in the local economy and the flooding of the local market with imports at dump prices, Centrin moved into exports only after three months of commencement of operations.

Unfortunately, just as the project was becoming Trinidad's next largest foreign exchange earner in the private sector, the mishap at ISCOTT caused operations to be closed temporarily because of the lack of supply of billets.

In attempting to import billets, Central officials realised that not only was the cost of turning around steel at the Plipdeco Port prohibitive and uncompetitive in relation to other ports, but that the last Budget had imposed certain fiscal burdens on raw materials on finished products, which adversely affected Centrin since it was not a concession manufacturer.

A spokesman for Centrin stated that the company's original philosophy was never to have applied for fiscal concessions or protection because it was felt that Centrin products could compete successfully on the basis of good management and efficient production.

Moreover, the company did not want to run foul of the US Department of Commerce. However, when it was realised that the sharp decline in the local

economy had set in, affecting building construction in particular, the company reluctantly applied for negative listing of its product. This application has been outstanding for over one year without any decision.

Since the company never applied for concessions under the Fiscal Incentives Act, nor were duty free concessions obtained for the import of machinery and raw materials, it is now at a disadvantage particularly as the last Budget has escalated the cost of building construction and further slowed down the industry.

The team also proposes to settle arrangements for exports of products of the company's associate, Trinrico Steel and Wire Products Limited (Trinrico) in the United States.

These products relate particularly to nails and square mesh both of which are produced from wire rod also supplied from ISCOTT.

Here again Trinrico suffers from the same disadvantage of having no concessions, the impact of the fiscal measures of the Budget and the high cost of exports over the Plipdeco ports.

The spokesman concluded that if the Government is really serious about exports, it would arrange for a team who can act swiftly to examine these problems and bring about immediate solutions.

"At the moment, representations made to have these matters resolved have not been given serious attention and one wonders whether government is really serious about export or nationalising the steel industry and making ISCOTT viable," he said.

Asked whether the company has noticed any other impact of the Budget on the steel industry as a whole, the spokesman pointed out that there were hundreds of small fabricators who normally purchased local and imported steel from the local traders and sold their manufactured products--from steel buildings to garden furniture--to the public in competition with the large concessioned manufacturers.

"Now that import duty and purchase tax had been applied, these small people will not have to purchase raw materials from the traders at duty paid prices and sell their products with purchase taxes added.

"The large concessioned fabricators, having substantial capital backing, would be able to import raw material duty free.

The small fabricator would not be able to compete and would be another self employed person thrown on the breadline. It is incomprehensible how a government could impose fiscal measures which strengthen the position of a manufacturer already subsidised by the state through duty free concessions and protection and eliminate the self employed entrepreneurs who is no drain on the state." [as published]

CSO: 3298/600

PANDAY CRITICIZES SOME POLICE AS CORRUPT, 'THIEVES'

Port-of-Spain SUNDAY GUARDIAN in English 11 Mar 84 p 21

[Text] There are policemen dripping in gold, Opposition Leader, Basdeo Panday has charged.

"Look at how some of these plainclothes policemen dress," Mr. Panday told the House of Representatives on Friday. "They have some five or six gold chains around their necks and so many rings on their fingers. Mr. Speaker, we have policemen dripping in gold."

Not that he was criticising the Police Service. He explained: "There are bad priests and good priests. So too, I'm saying we have good and honourable policemen, and we have bad policemen." He was pointing to the danger of appointing some people to the Demolition Squad.

Mr. Panday was, at the time, making his contribution to the debate on a Bill seeking to replace the Merchandise Marks Act of 1888, which contained provisions empowering the Minister to appoint officers who would have the right to prosecute.

Mr. Panday recalled one incident where a woman whose shack was demolished had lost \$3,000 in jewelry.

Mr. Panday openly branded some people in the Demolition Squad as "thieves." They moved in to demolish shacks when the occupants were away, and in the process they stole jewelry belonging to the occupants, he charged.

"We are doing exactly the same thing in this Act--appointing people to give them the right to go inside someone's house without a warrant," he said. Mr. Panday warned that under such provisions, "we have to be very careful."

CSO: 3298/600

## REVIEW OF CURRENT POLITICAL, ECONOMIC SITUATION

Hamilton THE ROYAL GAZETTE in English 5 Mar 84 p 4

[Text]

The tiny British colony of Turks and Caicos, which lies at the lower end of the Bahamas, is having to face up to the problem of how a group of small islands and cays without any notable natural resource base can build a viable economy.

As its 8,000 or so inhabitants prepare to vote in a general election, the opposition People's Democratic Movement (PDM), which held office in 1976-8, has backed off the independence issue. Its leader, Oswald Skippings, said at one point that the question would not arise for another 10 or 15 years, but he modified his statement a few days later.

In the 1980 election the PDM campaigned on a platform of independence for June, 1983, but the Progressive National Party (PNP) won and still sees its victory as a firm anti-independence statement from the voters.

The PDM has now come round to the position of the ruling PNP, that independence cannot be a question until a solid economic base has been established for the colony.

The model is the Cayman Islands with its emphasis on creation of a tax haven — more formally known as an offshore financial centre — and tourism.

Much groundwork was laid by the PDM, but the PNP, with a more mature, educated and persuasive team led by Chief Minister Norman Saunders, has refined the plan and won considerable investor confidence. This will not begin to pay off fully until the next four-year term. The US \$100 million proposals will take two to three years to materialise.

Turks and Caicos still has a long way to travel on the road to prosperity compared, say, with the Caymans. Companies registered at the end of last year numbered about 5,000; there were about a dozen banks and trust companies, and tourists totalled about 13,000.

Tourism, now being promoted by labelling the colony "The Isles of Smiles", is rising by about five percent a year and company registrations are expected to increase by 1,000 annually. Revenue from



registration fees is expected to top the million dollar mark soon.

One take-off area is that of real estate. Land for development is fully committed in those islands where there is basic infrastructure. On Providenciales island prime beachfront property is about US\$1,000 per linear foot — still far short of the \$15,000 in the Caymans.

A boom in construction is coming. A 576-bed Club Mediterranean village is being built and a \$40 million (US) Hyatt Hotel scheme is planned by an Arab investor from Dubai — both on Providenciales.

The British government financed a \$10 million jetport for Providenciales as part of the agreement which brought in Club Mediterranean, but its opening has been stalled since late June because someone forgot to order adequate firefighting equipment and train the necessary staff of firefighters.

The PDM is wary of development and distrustful of many of the land deals between the government and investors. The government does not make public any agreements with private people.

Politically, the colony contains two areas: the Turks

Islands, comprising Grand Turk and Salt Cay, and the Caicos Islands, made up of South Caicos, Middle Caicos, North Caicos, and Providenciales and some others not inhabited.

The three seats the PDM captured in the 1980 election are all on Grand Turk, the capital island, tending to reinforce the impression that it was a "Turks Island Party".

The entire Caicos group, as well as Salt Cay and one Grand Turk constituency, voted for the PNP. Saunders is from South Caicos and his Deputy, Nathaniel J. S. Francis, is from Grand Turk. Some resentment is felt in the Caicos Islands over the neglect people there felt had taken place when the PDM held office.

One issue notably absent from this election is the smuggling of narcotics. The colony, located between Latin America and the US, is an ideal transit point for drug smugglers, and there were claims that people in high office were involved.

This has ceased to be an issue. Christopher J. Turner, who took office as Governor in October, 1982, pledged to do what he could to stamp out smuggling. He persuaded Britain to provide a grant and police personnel to help in his campaign.

The colony is entering a new phase. It is building itself by its offshore image, gradually cutting down on British grant-in-aid, which is still over a million dollars (US). The last of three US military bases — a missile tracking station on Grand Turk — closed at the end of last year.

It will take a competent government to steer the country through the transition period of the next four years.

The PDM, still characterised as the party of young radicals with T-shirts and berets, is changing its image and style to match the suave, conservative jacket-and-tie image of the PNP. Skippings, who announced he became a "Born Again" Christian in May 1982, has injected a good deal of religion into the PDM campaign.

A new electoral register shows a 10 percent increase in the size of the electorate, above the 1980 level of 3,423.

The PDM won the first election under the Ministerial system in 1976

with the charismatic James A. G. McCartney, who died in a plane crash just before the 1980 elections. Without him the party was beaten, winning only three seats to the PNP's eight in the Legislative Council. — GEMINI.

## INTEREST ON FOREIGN DEBT CONTINUES IN ARREARS

Caracas EL UNIVERSAL in Spanish 29 Feb 84 p 2-7

[Text] The international credit banks insisted once again to the Venezuelan Government that the 3 points of honor in the negotiations for the refinancing of Venezuela's foreign debt, and progress in those talks, revolve around the clarification of the terms of payment of the private commercial debt, the huge amount of interest in arrears on the foreign public debt, and the renewal or definition of the intervention by the International Monetary Fund in the talks with Venezuela.

This was revealed in reports received by EL UNIVERSAL on the points that were discussed between the advisory committee of the creditor banks and the president of the republic, Jaime Lusinchi, during the meeting held at the residence of Finance Minister Manuel Azpurua. The meeting was also attended by the members of the advisory commission on the debt refinancing, the president of the Venezuelan Federation of Associations and Chambers of Commerce and Industry (FEDECAMARAS), Adan Celis, and prominent members of the Venezuelan business world.

During this meeting, the bank representatives stressed that Venezuela is still behind on its interest payments on the public debt as well as the private one.

In this regard, it was learned that the government responded that 15 or 20 cases would be selected on the basis of their representativeness (in terms of the volume of the debt and the degree of delinquency involved) to regularize these payments.

This would be the first step toward regularizing and updating the payment of interest on the private foreign debt, as was stated formally to the members of the advisory committee of the creditor banks, chaired by Francis Mason.

## Meeting at End of March

Regarding the atmosphere that prevailed during the meeting at the residence of Finance Minister Manuel Azpurua Arreaza, the debt negotiator, Carlos Guillermo Rangel, reported that it was highly informative and cordial.

At the same meeting, the bankers were filled in on the scope of the recently adopted economic measures and their impact on the fiscal situation, as well as their influence on the Venezuelan balance of payments.

It was agreed at the meeting with the members of the advisory committee that another meeting will be held in New York City at the end of March in order to study the economic measures as a whole and the compensatory or complementary decisions that have not yet been released.

Dr Carlos Guillermo Rangel explained that it was also decided that the subcommittee on economic affairs would study the impact of the economic measures on future projections of the Venezuelan economic situation.

"These talks were held in an atmosphere of great cordiality," said the debt negotiator. "I can tell you in this regard that the points discussed at the meeting were well received."

[Question] What opinion did the bankers express regarding the attitude of the country after the announcement of the economic measures?

[Answer] They have observed that confidence is gradually being restored in Venezuela. In general, they expressed great interest in the study and consideration of the economic measures.

As for the delay in interest payments in both the public and private sectors, as well as the conditions set forth by the government for paying off the private debt, Dr Carlos Guillermo Rangel stated that the conversation with the bankers was oriented toward the following points:

"Ideas were exchanged on the process of normalizing the payment of interest by the private sector, which is of great importance for Venezuela's reputation abroad," said Rangel.

Rangel also noted that the creditor banks "were very satisfied" that the exchange system for the payment of the private foreign debt has already been defined, in terms of the principal payments as well as interest payments.

#### Public Debt

With respect to bringing interest payments by the public sector up to date, Carlos Guillermo Rangel indicated that the bankers had analyzed the delays by some decentralized enterprises in the public sector, which are quite large in number.

It was decided in this regard to promote a sound management policy in order to correct the deficiencies in public agencies.

In short, the bankers, according to the debt negotiator, insisted that the problem of the private debt be defined and clarified, and that deficiencies in interest payments by the public sector be corrected.

"Moreover, it was proposed that an in-depth analysis be conducted of the economic measures as a point of departure for structuring a program to refinance the public foreign debt.

#### Automatic Deferral of 90 Days

When asked if the bankers had been asked for a 90-day moratorium beginning next 30 April, when the current moratorium expires, Carlos Guillermo Rangel stated that the moratorium will be renewed automatically.

The national government also reiterated to the international banks that it will refinance the debt over a period of no more than 6 months, starting from the present.

#### We Don't Need the IMF

The debt negotiator announced in this interview that during the commission's visit to New York City at the end of March, it will contact the International Monetary Fund in order to notify it of the package of economic measures the government has implemented.

"This does not mean that we will ask for the International Monetary Fund's blessing or approval of our economic measures," said Rangel.

He reiterated that Venezuela's financial situation at this time is very solid, based on the respectable position of the country's international reserves.

Meanwhile, yesterday afternoon the negotiating committee for the refinancing of the debt met at the Finance Ministry to study the talks with the bank advisory committee.

8926

CSO: 3348/310

## FOREIGN DEBT FIGURES PRESENTED TO NATIONAL CONGRESS

Caracas EL UNIVERSAL in Spanish 1 Mar 84 p 1-1

[Text] In presenting his report to the National Congress, the controller indicated that the external and internal, direct and indirect public debt amounts to 166,302,300,000 bolivars, according to information obtained directly from agencies of the decentralized administration.

	Debt in Billions of Bolivars		
	External	Internal	Total
Direct	42.4059	26.6209	69.0268
Indirect	78.4963	18.7792	97.2755
	<u>120.9022</u>	<u>45.4001</u>	<u>166.3023</u>

The foreign debt includes obligations contracted with financial and other institutions abroad, covered under the Refinancing Act of 9/14/83, broken down as follows: guarantee endorsements (4.4718 billion bolivars), certificates of deposit (8.4734 billion bolivars), and letters of credit (1.1714 billion bolivars). As for the origin of the creditors, most are foreign (120.9022 billion bolivars, 72.7 percent of the total). Of those foreign obligations, 64.93 percent were contracted by autonomous institutes, state enterprises and other entities of the decentralized administration.

CSO: 3348/310

## FOREIGN DEBT MATURITIES FOR 1983-84 AMOUNT TO 70 BILLION BOLIVARS

Caracas EL UNIVERSAL in Spanish 8 Mar 84 p 2-2

[Article by C.R. Chavez]

[Text] Because in 1983 the sum of payments owed on the foreign debt was 58.91 billion bolivars, and the payments for this year, 1984, will total 11.18 billion bolivars, the sum total of payments for the two years, for different items, will be 70.09 billion bolivars, according to the Finance Ministry.

"As of 30 June 1983," says the report, "the public sector foreign debt totaled US \$27.967 billion. This figure includes intergovernment guarantee endorsements and debts." Subtracting the latter two categories, the balance is US \$25.807 billion, which represents the amount contracted directly with foreign entities that must be paid by the date indicated, according to estimates by the Public Credit Office of the Finance Ministry.

The foreign debt is broken down as follows:

Central Government, \$8.219 billion; state enterprises, \$8.266 billion; financial institutions, \$6.585 billion; Development Corporation, \$2.669 billion; autonomous institutes, \$1.733 billion; and credit funds, \$495 million. From this total of \$27.967 billion, we subtract \$818 million for intergovernment accounts and \$1.342 billion for guarantee endorsements, and the remainder is US \$25.807 billion, as mentioned above.

"Twenty-nine percent of the debt is owed by the central government. Seventy-one percent has been contracted in the name of various agencies of the decentralized administration. The external obligations of these agencies total \$19.748 billion all together. The greatest concentration is in state enterprises, whose debt amounts to 30 percent of the total, including guarantee endorsements. They are followed by financial entities, with 24 percent; development corporations, with 10 percent; autonomous institutes, with 6 percent; and credit funds, with 1 percent.

The need to refinance the debt has become more critical, says Finance, because of the shortage of foreign reserves and a totally inadequate payment schedule. Of the total public foreign debt, 48 percent matured in 1983 and 13 percent in 1984. This means that during these first two years, the amount that must be

paid is \$17.004 billion, assuming that all the guarantee endorsements granted by public sector entities must be paid. Even excluding the guarantee endorsements and intergovernment accounts, the payments for these two years reaches \$15.442 billion, of which \$12.058 billion fell due in 1983 and \$3.384 billion in 1984.

The payments problem affects all of the public foreign debt, but it is especially severe in state enterprises and other decentralized agencies. The time period for paying off the loans contracted by these agencies is not compatible with their effective payment capacity or with the availability of foreign currency reserves in the country. By converting the principal payments chart into a tabulation of payments accumulated at the end of each year, we obtain the aforementioned schedule.

During the first 24 months of the period in question, 72 percent of the foreign debt of the decentralized administration and 34 percent of the central government's debt must be paid. Indeed, in 5 years 82 and 90 percent of each of these debts, respectively, will fall due.

The accumulation of payments in 1983 and 1984 is even more significant when the situation of the country's balance of payments and international reserves is taken into account. To pay off all the debts owed in 1983 (excluding interest), it would have been necessary to use 77 percent of the estimated total of foreign currency earnings from exports for the year.

The public sector foreign debt represents the equivalent of 40 percent of the Gross Domestic Product, measured in market prices in current bolivars. The distribution of the public foreign debt by type of creditor shows that 86 percent is concentrated in the hands of foreign commercial banks and 4 percent corresponds to Venezuelan commercial banks.

The fact that 90 percent of the foreign public debt is owed to commercial banks means that efforts must focus on that sector to obtain adequate refinancing measures that serve the interests of the country, says the Finance report, which adds: "Venezuela does not have direct debts to the governments of other countries or to the International Monetary Fund. In the beginning, the Venezuelan Government announced that the bonds and obligations contracted with international financial entities (multilateral and bilateral) would be excluded from refinancing, and that is how it will be."

8926

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## LUSINCHI'S NEW ECONOMIC MEASURES ANALYZED

## Prospects for Economic Recovery

Caracas EL UNIVERSAL in Spanish 1 Mar 84 p 1-4

[Commentary by Domingo Alberto Rangel]

[Text] The measures announced by the president of the republic should be judged within the broad context of the national situation. Scrutinizing their various aspects in isolation, as a dentist would a part of the mouth he was going to work on, would be unfair, and would indicate false complacency. For some time now, the country has had two choices in dealing with the current crisis, which certainly involve very unequal ideological and strategic options. One of them was the Reagan-Thatcher option, to give it an international name, which consists of giving inflation shock treatment in order to achieve a balance in the economy through a drastic purge or reduction of demand. The other choice was the Franklin Roosevelt option, using another label from the United States. It would stimulate demand as the cornerstone of the recovery. President Lusinchi opted for the first one. The recession our economy has been undergoing since 1979, the longest in our entire history, will be much more severe and prolonged now.

In the first place, inflation will reach a pitch unknown in contemporary history. The exchange measures will raise the costs of production by 20 to 30 percent, all of which could be passed on entirely to the consumer in one way or another, even if a hundred Consumer Protection Offices were to open up, according to earlier testimony by renowned economic experts. These economists were already familiar with the measures back when they were still inside the shell of lobbying and pressuring, a shell which was finally burst the day of the president's speech. In a country whose machinery and basic inputs come from abroad, from the foundations to the upper echelons of the economy, the exchange adjustment measures have had an ominous chain-reaction effect on costs. Like the sound emerging from a series of closed galleries, there has been a crescendo of costs culminating in a roar. The 4.30 rate, at which some goods basic to the economic process are to be purchased, is like the fig leaf used to conceal naked inflation. It is at that rate that the foreign currency earmarked for a half-dozen foods and medicines will be negotiated for certain. But the remaining goods the country needs--and will continue to need for a



long time—will be imported at a rate of 7.50 bolivars to the dollar, which is beginning to be the prototype for all cost evaluations in the national economy.

Experts at the Office of Coordination and Planning (CORDIPLAN) and the ministry in that sphere have tried to calm national fears by mentioning a 15 percent inflation rate for this year. It should be pointed out first, though, to use parliamentary slang, that CORDIPLAN has never gotten its figures straight. If there is one office in our bureaucratic constellations that has established a record of countless excesses during the now long history of representative life, it is CORDIPLAN itself. That office's predictions and calculations could well fill the pages of a text on Economic Mythology. Dr Matos Azocar has gone farther than his subordinates at CORDIPLAN in assuring undoubtedly startled journalists that the cost of living will not go up in 1984. The courageous doctor deserves to be canonized so that he can accompany San Martin de Porres and San Benito de Palermo among the Christian saints. Are not gasoline, especially those varieties that have the strongest impact on the cost of living, and the new exchange rates enough to add another turn to the inflationary spiral?

The rises in prices, which in 1984 will exceed anything the country has ever experienced in this regard, will reduce aggregate demand, as the economists call it, or in less technical terms, buying power. Venezuela's problem--the deep-down problem, not the apparent one--is that the population's income and buying power are not enough to absorb all the production the economic apparatus could engender. The deficiency of our buying power (whose structural roots are very deep, of course) has become obvious in the cases of the automobile and construction industries. Why has auto production fallen by more than 20 percent, and why are there tens of thousands of unsold apartments in cities across Venezuela? Because people no longer have enough to buy a car or an apartment because prices have entered the realm of princely sums. The inflationary spiral will shrink the market even further in these two industries and in many more, even if interest rates fall to 5 percent. The Venezuelan model, based on a very unequal distribution of income, seems to have reached a dead-end, and there will be no way out unless the guidelines for that distribution are thoroughly corrected. The country's development was based on the buying potential of the middle classes--because only they could buy certain goods--and on the distribution of little tidbits among the working classes and the poor. But inflation has led to the economic euthanasia of the middle class, and the tidbits were wiped out by the widespread unemployment that we have suffered since 1979.

The devaluation of the bolivar was inevitable. The 7.50 rate is an approximation of the real parity of the bolivar. But that measure should have been carried out with wage compensation so that the domestic market would not dry up, as will happen, because of the severe cutback in buying power. We must repeat once again: The only way recovery can take place is through stimulation of the domestic market, which is precisely the area the president's measures will destroy. There is talk of a recovery through exports. That can only be possible in Venezuela in the medium or long run, and even then it will not be economically significant enough to be an instrument of development. Venezuela has no alternative but to seek reactivation by directing its efforts

toward the domestic market, which is now being savaged by inflation. If prices rise to record levels and there is no wage compensation, the economy will obviously enter into a deeper recession. The bonzes at the Confederation of Venezuelan Workers (CTV) had demanded wage compensation, and even began to grumble at one point. But they are like some women who calm down with a slap. The president of the republic has given them a bonus of 100 bolivars for transportation, the promise of building dining halls at factories and a hypothetical expansion of employment by 10 percent. With these little treats, as Joselo would say, President Lusinchi was able to avert the supposed storm that the CTV "caudillos" threatened. The 100-bolivar bonus is a pittance; the dining halls already exist in the form of little restaurants that dot the corners of all industrial zones, where food is sold at the lowest possible prices; and the expansion of employment by 10 percent is another entry for the Economic Mythology catalog: very useful for calming fears by holding out hope. No one will expand employment when the market is entering a slump. These economic measures are a carbon copy of the strategy followed by President Reagan in the United States, which drove unemployment up to 12 percent of the work force. Now we will indeed have 20 percent unemployment, as the CTV leaders never tired of saying during the election campaign.

#### Devaluation Effects

Caracas EL UNIVERSAL in Spanish 8 Mar 84 p 2-2

[Interview with National Economic Council Chairman Enrique Sanchez by Bernardo Fischer; date, time and place not given]

[Text] For National Economic Council (CNE) Chairman Enrique Sanchez, devaluing the bolivar as a means to deal with the current crisis in the country is just a partial solution to the problem. The factors of production are overvalued on the basis of an oil industry that was generating millions of dollars but did not provide incentives for higher levels of efficiency and production.

For this reason, the business leader, who is the former president of the Caracas Chamber of Commerce, claims that the real solution should focus on a joint effort by business and government to eradicate unproductive elements and artificial devices from our economy, which is experiencing structural flaws that are permanent, not temporary as some experts insist.

He also opposes the artificial creation of jobs and consumption, because that would perpetuate the same errors that have already damaged the economy. The ideal thing would be to orient these new sources of employment toward productive endeavors that are necessary for society.

The chairman of the National Economic Council discussed the possible effects of the package of economic measures announced by President Jaime Lusinchi, pointing out that they are making up for an economy based exclusively on oil income, which has had a strong impact on pay scales and demand without any corresponding growth in the area of domestic production.

The reorganization of the factors of production has resulted in the overvaluation of our currency. In other words, the bolivar has suffered because some

factors of production have not contributed their share of goods and services to society.

"In this regard," he says, "I think that trying to correct the current crisis merely by devaluing the currency means correcting only part of the problem, without getting to the root of it. Therefore, any effective solution involves the realization by all Venezuelans that there will be less real income than we have been enjoying to date, and there will be no compensatory measures to support the level of spending we have been engaging in until now.

#### The Crisis and Ayatollah Khomeyni

Enrique Sanchez asserts that this crisis could be seen approaching since 1977. Even President Carlos Andres Perez' administration announced at that time a series of decrees designed to set the productive apparatus on the right track. Unfortunately, the revolution of Ayatollah Khomeyni and the subsequent war between Iran and Iraq caused the price of oil to rise once again, and we Venezuelans believed once again that this mana from the subsoil would bring in resources forever.

"Proof of that can be seen in the Sixth Plan of the Nation, which was based on a 12-percent growth rate in the price of petroleum; the entire official policy was based on that false postulate. When reality proved this prediction seriously wrong, there was talk of a crisis, but this is not a temporary crisis as many believe, but one of structural defects."

The most serious problem, according to the chairman of the National Economic Council, is that the previous administration, although aware of the problems that were emerging, kept putting off the implementation of possible solutions, which aggravated the situation. Hence the state of insecurity about the country's present and future, and the fostering of a feeling of a "power vacuum" in light of the constant conflict of opinions among officials responsible for directing the economy, without any higher authority emerging to make the final decision.

"We had an unpardonable power vacuum which aggravated things much more than was expected. That is why when the new administration makes decisions, even if some are not the most appropriate, we should regard them as a whole, understanding that there is a great willingness to confront the present crisis."

He comments that decision-making brings back confidence, a fundamental factor in breaking out of the economic marasmus that Venezuela suffers from.

Detailing some of the measures, the business leader observes that in the first place, the new exchange rates will necessarily lead to an adjustment of consumer prices. It is therefore necessary to have enough flexibility to stimulate investment in truly productive areas.

## Lack of Productivity: Enemy of Employment

[Question] The Executive is designing its strategy on the basis of combatting unemployment. That is the origin of the commitment to expand private businesses' payrolls by 10 percent and to create a Special Employment Plan for the maintenance of public works. Do you think these objectives will be achieved?

[Answer] The 10 percent increase in the payroll could be harmful to the national economy if it is not accompanied by a reduction of productivity indices, because otherwise the structural problem that plagues us would be exacerbated. Employment should rise if production rises, whether by establishing new businesses or by expanding existing ones in the country.

As for the state as employer, it is generally agreed that between 400,000 and 500,000 people are being paid by the public administration without working. It is also true that the Venezuelan Government is not maintaining its infrastructure, such as hospitals, highways, bridges and schools. But if the Executive chooses to deal with these problems by increasing the number of public employees, it will only aggravate the crisis. These surplus employees must be used in the most suitable positions; thus, for example, the bodyguards and chauffeurs of the various government offices could be transferred to the area of public security, strengthening the ranks of the police. These solutions would benefit the community without damaging the level of employment.

[Question] Some critics allege that these solutions are Keynesian formulas to stimulate production through consumption and employment . . .

[Answer] John Maynard Keynes was one of the great contemporary economists, and he had a good idea when, with England in a depression and the United States in a crisis, he recommended the promotion of consumption through public spending on government projects. This obviously got the productive machinery going.

Nevertheless (warns Enrique Sanchez), such is not the case in Venezuela. Since the 1920s, we have had a constant stimulation of consumption that did not exert any inflationary pressure on national production because of our massive imports. It is also true that many industries are working at below normal capacity, but government stimulation of consumption will exert artificial pressure in the long run that will generate unprecedented domestic inflation in the country, with the added problem that we will not be able to resort to imports because we will have no foreign exchange for those necessities.

The chairman of the National Economic Council recommends prudence and patience, because the healthy solution is to stimulate production so that it can in turn stimulate consumption in like measure. The opposite thesis is clearly inflationary.

## Agriculture as an Anti-inflationary Factor

[Question] At any rate, the different projections estimate an increase of between 25 and 30 percent in the cost of living. What can be done to combat that severe inflation?

[Answer] In the first place, the answer is not to stimulate consumption artificially. The Executive should provide incentives for production, especially in agriculture, not just by expanding the credit portfolio for that sector, but also by adjusting sales prices so that farmers can recover their production costs. Similarly, it is essential that government agencies pay their debts to rural producers, because otherwise no investment will be worthwhile.

Sanchez observes that because agricultural investments tend to be short-term, it is easier to implement a short-term policy.

He stresses that farmers absolutely must have confidence that they will be able to reap the economic benefits of their harvests in a timely manner. If this could be brought about, in a short time we would have enough national production to meet our consumption needs, and a truly effective anti-inflationary tool as well.

[Question] As for the new exchange rates announced by the Executive, do you think they will help restore a unified currency?

[Answer] I personally thought that the Executive was going to simplify the exchange rates, because I think multiple exchange rates impede the proper functioning of the economy. It is strange, because many government officials had publicly expressed their willingness to eliminate the exchange rate of 4.30 bolivars to the dollar for future imports, which implied that in the medium term we would have two exchange rates: a preferential one at 7.50 bolivars to the dollar and a free rate.

Despite this, Enrique Sanchez holds out the hope that if confidence in the stability of the currency can be restored; if the public and private debts can be renegotiated on favorable terms; and if the Central Bank of Venezuela manages to master the free market, in 24 months there will be a single exchange rate.

"Here the government's desire is not enough; we also need the good will and cooperation of all Venezuelans."

## Legal Flaws in Exchange Decrees

With regard to the impact the measures have had on international creditor banks, the chairman of the National Economic Council maintains that bankers always demand timely payment of interest and legal clarification of their obligations.

"We cannot continue to pass decrees subjecting creditor banks to future revocations of agreements. The series of decrees and exchange agreements

between the Finance Ministry and the Central Bank of Venezuela are full of omissions or legal flaws that must be corrected. These errors, which resulted from the hasty drafting of the documents to get them out as soon as possible, must be rectified."

Sanchez indicates that these flaws, most of them technical or editorial in nature, were pointed out to the president of the Central Bank of Venezuela so that they can be corrected and clarified.

#### Golden Rules of Austerity

Finally, the chairman of the CNE discusses the austerity measures announced by the national Executive to reduce current spending.

He indicates that the basic problem in correcting the course of public spending is that the central government controls only 30 percent of overall spending, through the budget approved by the National Congress. The remaining 70 percent is administered by decentralized public entities, which are difficult to control. That is the area the Executive should stress.

"I would propose two golden rules to guarantee the efficiency of state-run enterprises:

"1) Achieve financial self-sufficiency, because it is impossible for an enterprise to manage its affairs without enough resources, and the majority of these enterprises have been set up with little investment or working capital, but with the promise of foreign public credit, which has generated an enormous "discredit" in our international credit.

"2) The state-run enterprises and all agencies linked to the public sector should stay within the objectives for which they were established, limiting their field of action to specific goals."

He remarked that many public entities tend to "expand their responsibilities," neglecting their duties and spending resources on activities that are not within their purview.

8926

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## CTV PRESIDENT CRITICIZES LUSINCHI'S ECONOMIC PROGRAM

Caracas EL UNIVERSAL in Spanish 8 Mar 84 p 1-18

[Text] The government will have to be the prime overseer of the fulfillment of the measures for economic reactivation ordered recently, so that compliance with them may begin as promptly as possible, particularly in the private sector.

This statement was made yesterday by the president of the Confederation of Venezuelan Workers [CTV], Juan Jose Delpino, as he announced to reporters the reasons which forced the CTV executive committee to halt the special consultative council session that they had arranged for next Wednesday, and postpone it until Wednesday, 21 March.

He explained that they had certainly announced the consultative council meeting for 14 March, but yesterday the head of the economic advisory commission, Modesto Freitas, told them that it was much too soon to make a definitive statement regarding the new economic situation posed by the measures ordered by the executive body and those for wage compensation that were offered, and also concerning the other compensatory measures that CTV would propose to the government.

"We shall work all this weekend, and next Monday we shall study the document that we shall have to produce so as to submit it to the consultative council meeting (an event of a national type), which will now take place on 21 March. It will be a serious, formal document that will contain the consensus of all of us."

A reporter interrupted and asked Juan Jose Delpino his opinion on the austerity measures to be imposed by the government, and whether they would hurt the workers.

He replied: "The austerity measures are not for us. Why should we be more austere than we are? The austerity is for the government and for the hypertrophied bureaucracy that it has. They cannot ask austerity of the workers."

When mention was made to him of the announcement by the minister of information and tourism, Armando Duran, regarding his willingness to lay off over 400 workers in order to balance the office's budget, he replied emphatically:

"We have warned the government, when we know that there is a hypertrophied bureaucracy in existence, and that many state enterprises have personnel exceeding the tolerable numbers, that it is impossible to have layoffs now, because that would make the unemployment situation that the country is experiencing even more critical."

He explained: "In the first place, for the reason that I have stated; and secondly, for the workers who are currently employed and earn a small salary from their jobs, it would seem like a kind of subsidy. Hence, it would be ridiculous for the government to insist on a sudden, massive dismissal of public administration workers at a time when it has not even designed the economic reactivation that will enable the private sector to absorb that labor which would be left jobless by those layoffs."

He subsequently commented on the wage compensation measures that the government has proposed to date for the working class: "It has not proposed them to us either, because it simply took them from our document entitled the Porlamar Manifesto. We accept the family basket, the transportation bonus, the installation of industrial dining rooms, etc. But we think that these measures that the government has cited are insufficient to counter the degree of inflation which the measures are already causing; and that is why we are studying others, so as to propose them to the government, and they too will be compensatory in nature."

He confirmed the CTV position rejecting the wage increase by executive decree. "We know the experience in other countries where it has brought fatal results: the case of Argentina, Uruguay, Brazil and other countries. With such experience, we cannot make such mistakes. We shall seek compensatory methods and measures that are not sudden, because there would be business firms that could withstand the compulsory increase, but there would be many other small and medium-sized businesses that could not, and they are the very ones which absorb the most personnel."

Yesterday, Ash Wednesday, there was no formal meeting of the executive committee, but several of its members met with the economic advisory commission and later exchanged views with reporters.

Subsequently, he commented on the need for the government to enact immediate measures for a freeze on prices of items of necessary consumption, as a method for protecting the worker's reduced economic means. Specifically, he said that CTV would request a revision of prices of many items, adding that this was because today "a bolivar is worth a quarter."

He brought up the case of the presumed layoffs that are occurring in private enterprise, and the CTV president remarked: "The respective unions and their company representatives must be watchful of that."

As for the announcement made by FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry] leaders to the effect that business owners would not be in a position to take on and fulfill the amount of sacrifice



entailed for them by the economic measures ordered by the government. Delpino claimed: "It is true that many business owners do not want to contribute that amount, and are maneuvering to evade compliance with it, but we shall be watchful to see that those measures are fulfilled."

He added: "But, in any event, the government must be the prime overseer concerned with having its decisions complied with."

2909

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## CONTROLLER UNDERLINES STATE ENTERPRISES' CRITICAL SITUATION

Caracas EL UNIVERSAL in Spanish 1 Mar 84 p 2-1

[Text] Administrative irregularities and critical shortcomings are cited in the report from the general controller of the republic submitted to the National Congress yesterday afternoon, involving the management of several autonomous institutions, state enterprises and decentralized entities.

The Controller's Office oversees 370 decentralized entities, including enterprises of the state's basic industries, which will end their fiscal year with losses; and it noteworthy that, even though their balance sheets will show profits, based on the accounts, their economic reality indicates that, in many instances, some of those profits will be affected by the revaluation of assets, the compounding of interest and other expenses, as well as the gains resulting from the exchange of hard currency provided through agreements on exchange measures, etc.

The Controller's Office describes the financial and economic status of the 10 leading state enterprises engaged in rendering telephone and telex services, those relating to urban development, and hotel and transportation services, as extremely critical.

The nine autonomous institutions in the services sector, namely, those for sewerage and water works, street cleaning, postal and telegraph, tourism, exports promotion, piping systems, ports and airports, administered approximately 7.5 billion, a sum which covered only 68 percent of the total liabilities as of 31 December 1982, with the aggravating factor that much of that debt is short term.

#### The State Enterprises

During 1983, the state enterprises administered budgetary resources totaling 16.22 billion bolivares which, when compared with the 1982 debt, reveals that for every bolivar budgeted they had committed 1.4; which underscores the difficult situation they are facing in meeting the goals and carrying out the programs with a long-term recovery.

The controller notes that, in the first place, the methodology used to prepare the budget on income and spending is inappropriate. The income is often

over-estimated to increase the spending, and when the forecasts are not borne out, they always do the spending based on overdrafts, thus giving rise to a rising indebtedness.

There is an improper record-keeping and control in executing the budget; there is no order in recording the commitments, expenditures and payments; and the actual amounts available for the budget items are not reflected. There is a lack of control over the working funds and the cash deposited in the banking institutions. The entities do not know exactly the amounts available in the banks; there are often overdrafts on the banks and, in other instances there are too many running accounts in the banks, and immobilized funds.

The accounting records are made with a marked delay, and external auditors are hired, while their recommendations are not applied; and for this reason most of the figures shown on their balance sheets are not reliable.

Owing to this series of shortcomings, the income earned by these institutions covers only part of the cost of supplying the service, which forces the state to finance the resulting deficit.

There has also been found to be a lack of control in the issue, safekeeping and administration of securities and an excessive exemption from taxes to be collected; which entails a substantial decline in income, as in the case of the National Institute of Ports, which had to finance its debts with contributions from the state, loans from banking institutions, overdrafts in running accounts that had been opened, etc.

#### INOS

In commenting on the status of the National Institute of Sanitation Works [INOS] it stresses that the administration of the funds handled by the institute has become extremely disturbing, something that has precluded the achievement of a radical change in the different areas for the immediate term.

"The need to conclude the ambitious program that has started in previous fiscal years under those circumstances, on the national level, the delay in implementing the new rate system, the flawed commercial system and the bureaucratic burden that exists among the regional departments and in the metropolitan water works have led the institute into a state of insolvency that has been reflected in the stoppage during the current period of 1.2 billion bolivares worth of construction projects."

This standstill means a loss for the public holdings, both in interest on invested capital and because of the deterioration of the partially constructed projects, which is compounded by the loss of fixed assets resulting from the lack of maintenance and control.

And it goes on to cite administrative irregularities at the Simon Bolivar Center, wherein the Controller's Office points out that the consolidated balance sheets of that entity and its branches do not properly reflect the financial situation.

Similarly, there was a lack of suitable physical and financial planning for implementation of the projects; sources of financing for the execution of works projects were not ensured; and the budget was devised estimating income which later failed to be attained, something which led the enterprise into indebtedness.

Thus, between 1979 and 1982 its short term capital debt increased from 500 million to 1.727 billion, in other words, 245 percent. The performance has also shown that, although the reported shortcomings are being corrected, defects still persist in the accounting area, which are affecting the balance sheets and hence hampering the potential plans to be made on the basis of the latter.

#### VIASA

The report notes that VIASA's total debits by 30 September 1982 amounted to 1,839,465,756.93, representing 6.35 times its net worth as of the same date. Another factor affecting the losses of this enterprise is the financial burden resulting from interest costs, which totaled 166,600,596.66 during the period September-October 1982, owing to the large debt to the national and international banking institutions.

The long, medium and short term foreign debt is 873,275,671.59 bolivares; and the long term internal debt is 100,500,182.85, making a grand total of 973,775,854.44, as an encumbrance that weighs enormously on the development and activities of this enterprise.

#### Airmail Line

This state airline also shows a large debt, which prompted spending on interest amounting to 37,608,267.04 for 1982, and 12,583,518.15 by 31 May 1983. The controller observes that this total public debt as of 30 August 1983 covers the enterprise's net worth as of 31 December 1982 1.55 times, an extremely high index. The enterprise's total debits as of 31 December 1982 stood at 572,393,894.83 bolivares, equivalent to 3.7 times the net worth on the same date, something that is considered critical.

From the examination made of the entity's public debt as of 31 July 1983, it was noted that it amounted to 239,731,237.20 bolivares, of which sum 61 percent, or 146,588,684.52 bolivares, consisted of short term obligations.

#### CORPOMERCADEO

Among the factors affecting the deficit status of the corporation are the losses from the implementation of the minimal price policy, the high administrative costs, the shortcomings in administrative management and the flaws in the rating of products, both in reception and sale; as well as a loss from lack of improvement and deterioration in products, missing inventories, the absence of accounting and control on delivery of products to third parties,

losses from uncollectible accounts, lack of checking on the payment of product purchases and excessive payment to the Aguanca enterprise for peanut processing, in an amount exceeding 5 million bolivares.

#### General Situation

From a general standpoint, the controller remarks that the high rate of indebtedness among the decentralized entities is in some instances a result of the effects of contracting short term loans to finance investments with a long-term recovery.

"Lack of liquidity exists among various financial agencies, forcing intervention therein to preserve the soundness of the national banking system. Some pathetic examples are the Commercial Bank of Maracaibo, Inc; Zulia Regional Development, Inc; and the Commercial Development Bank of Venezuela.

"There has been a breakdown in rendering public services and social assistance. This can be noted in the agencies of the services and social sectors."

#### The Universities

"There has been an increase in the institutional spending of the national universities, in contrast to the marked tendency toward non-improvement in faculty and student performance. The debated preparation of graduates and the slight attention to priority areas such as university research and extension, which are not progressing on a par with the nation's expectations, as well as a lack of dynamism in the administrative processes, are also evident."

#### Agricultural-Livestock Sector

The Controller's Office's overseeing effort has once again shown flaws which have had a decisive effect on the management of the agricultural and livestock policy. The lack of suitable planning, technical assistance, and conservation and marketing of agricultural-livestock products, as well as the living conditions in the rural areas which prompt an exodus from them, have had a decisive effect on agricultural and livestock productivity.

#### Financial Sector

The financial situation of the public entities became critical in 1983, owing to the external creditors' demands for payment and the difficulties in obtaining refinancing.

"As of 31 December of last year, the financial sector's debt amounted to 42.12453 billion bolivares, of which sum 38.78765 billion, equivalent to 92.7 percent of the total, is represented by debts contracted by the Venezuelan Development Corporation, the Industrial Bank of Venezuela, the National Urban Development Fund, the National Savings and Loan Bank, and the Foundation for Housing Development and Promotion of the State of Lara."

The Controller's Office observes that, in the execution of the financing, there has been a lack of proper control over the end use of the financing granted; a watch is not kept over the total fulfillment of the stipulations made in the investment plans; the set of requirements specified in the respective contracts for loans and backing is not being fulfilled; there are flawed collection systems; and there is little diligence in recovering the holdings of commercial paper.

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CSO: 3348/311

## COMMERCIAL, INDUSTRIAL SECTORS CRITICIZE RECADI'S PERFORMANCE

Caracas EL UNIVERSAL in Spanish 2 Mar 84 p 2-17

[Text] The board members of Consecomercio and the Venezuelan Council of Industry have expressed their concern over the takeover of the management of imports by the Office of the Exchange Rate Differential System (RECADI); because the new preferential exchanges are upsetting the rate of payments in dollars for input and products purchased abroad.

Both associative organizations made separate analyses of the effects caused to their sectors by the exchange measures ordered by the executive body, particularly with regard to the RECADI management and the procedures that are currently under way in this government office.

Similarly, insofar as the industrial sector is concerned, it was decided that the obligation to expand the labor payroll entails a compulsory increase of 70,000 new jobs; something that is regarded as an excessive burden when one considers the fact that the reactivation process has medium-term effects.

#### We Are in Limbo Again

The head of the National Council of Commerce and Services [CONSECOMERCIO], Frank de Armas, remarked that it is disturbing to have an exchange rate for bolivares of 7.50 applied to goods that have been requested but have not yet been shipped, because this immediately halts the imports, and forces those concerned to resort to RECADI again in order to make up the difference in the exchange, to readjust the pertinent bond and to request the allocation of foreign exchange again.

"The measures only cover the imports which have a letter of credit, but it turns out that there are goods which are imported through agreements between the parties, but this is not considered by the executive body."

De Armas commented that dealers are again in a limbo similar to that experienced last year.

He explained that the previous government required dealers to obtain a plan to refinance their debts within a period of 4 years. Many succeeded in doing

so, but now the executive body has set a deadline of 7 years for refinancing, which is forcing business owners to renegotiate their foreign debts again.

"Now, another problem has cropped up; because the commercial debt cannot be extended for 7 years, since the suppliers cannot withstand such deadlines. The majority are outstanding debts that must be paid over the medium term."

The business leader noted that it is essential to reopen lines of credit, because this would be a way of better managing the foreign exchange available for importing. He observed that 180-day lines of credit, with the BCV [Central Bank of Venezuela] guarantee, would make it possible to release over \$2 billion that has been inexplicably blocked.

As for the 10 percent increase in personnel, he remarked that it would be difficult for some companies which the "oxygen" of reactivation has not yet reached. He also considered the 50 percent cut in the board members' pay unfair, especially considering the fact that many are not stockholders, but rather executives of the companies.

CONSECOMERCIO will submit these recommendations to the finance minister for consideration, especially those relating to the speeding up of RECADI's operations and procedures, which might cause a temporary shortage, resulting from the readjustment of the exchange measures.

#### 70,000 Additional Jobs for Industry

Carlos Ramirez Machado, head of the Venezuelan Council of Industry [CONINDUSTRIA], for his part, commented that, for the manufacturing sector as a whole, it will be difficult to comply with the measure for enlarging its personnel 10 percent.

"To us, it means the creation of 70,000 additional jobs."

Ramirez Machado said that the topic most discussed at the board of directors' meeting held last night was the pressing need for RECADI and the Central Bank of Venezuela to achieve greater fluidity in foreign exchange.

"We are noting a certain amount of reactivation in demand, resulting from the ban on imports, but the production system cannot respond fully; because since December there have been problems involving the authorization of foreign exchange that have caused enormous delays in the arrival of necessary raw materials."

The CONINDUSTRIA board member also regarded it as essential to make the financial policy flexible, because the new exchange rates will force the manufacturing businessmen to use an additional 70 percent of their working capital, and if it is not available in the commercial banks, many companies will have to halt their operations.

According to Ramirez Machado, the industrialists have serious questions about the way in which the Administrated Price System will work; because unless a prompt agreement is reached with the Ministry of Development, the business



owners will find themselves in the dilemma of having to sell their products at old prices, without being able to absorb the costs produced by the new exchange rates for the bolivar.

"We industrialists can no longer put up with the maintenance of price controls in an inflexible, artificial manner, because economic reactivation would be left completely thwarted."

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## CTV PRESIDENT ON INFLATION RATE, WAGE INCREASE, OTHER ISSUES

Caracas NUMERO in Spanish 4 Mar 84 pp 13-16

[Interview with CTV head Juan Jose Delpino; date and place not specified]

[Text] Juan Jose Delpino, a veteran of Venezuelan trade union conflicts, a native of Juangriego, founder of the oil workers' unions in the State of Zulia and imprisoned for 8 years under the Perez Jimenez dictatorship, has an extremely complicated job ahead of him: finding a way of directing, in a balanced manner, the workers' pressing demands in view of the difficult times that are approaching.

The president of the Confederation of Venezuelan Workers [CTV], who took over the position upon the death of Jose Vargas, is also a member of Democratic Action [AD]; and hence he must walk the thin line that will afford him his political militancy and the labor demands to be aimed against the government, after the economic measures have been approved.

Delpino does not avoid candid responses nor attempt a high-sounding manner, bordering on demagoguery, which many mass leaders are in the habit of assuming. On the contrary, he admits it when he does not know something, uses plain language and, furthermore, admits that, in the present difficult situation, the workers may find their desires for economic demands postponed, awaiting better times. All of this, Delpino claims, has an ulterior and far more important purpose: the defense of democracy, which takes precedence over other improvements and demands. The CTV president maintains: "The first thing is democracy, and if it is not perfect, we must improve it."

NUMERO talked with Delpino for 2 hours, after morning meetings on the union level, and shortly before he prepared for a new round of talks with the government, during the exhausting days preceding the adoption of the new economic measures.

Following is a reproduction of the interview:

[Question] Based on the CTV calculations, what percentage has the decline in real wages reached during this most recent period?

[Answer] We do not have studies prepared with complete accuracy available, but the approximate estimates indicate that, during the previous 5-year period, a decline occurred in real wages, fluctuating between 35 and 40 percent.

[Question] Have you received any official indication regarding the level that inflation might reach this year, once the announced economic measures have been enacted?

[Answer] The information that the economic office has issued is that the simplification of exchange would bring about an inflation rate equivalent to 15 percent, and the increase in gasoline prices, nearly 3 percent; in other words, a total of 18 percent. We do not have finished studies at hand, but we do have experience, and we know that those official considerations usually do not coincide with reality. That is why we believe that it would be proper to increase the government estimate by 10 or 12 percent. Consequently, the real inflation rate would be between 25 and 30 percent.

[Question] The Labor Ministry announced that there would not be any wage increases. There has also been talk about reducing the heavy payroll of the state institutions. What measures is CTV planning in this connection?

[Answer] First, we shall analyze the fact that there would be no wage increases. The minister should have said that there would be no compulsory wage increases; in other words, through a law or an executive order. Experience has taught us that the increases which have occurred through that expedient did not benefit the workers at all, because after that wage increase there must necessarily be an increase in the cost of living, and then the increment becomes water and salt for us.

What we are seeking is a wage compensation that could be translated in the following ways:

First, the announced family basket.

Second, the possibility of freezing the prices of certain items of essential consumption.

And, third, the implementation of the social pact, in the sense that we would talk with the business owners so that, without changing the groundrules of the collective bargaining, we could decide upon a revision of the economic clauses of the collective contracts that have not expired. From a legal standpoint, a contract that is signed for 3 years would not be revised until the contract had lapsed. But in view of the critical situation that the country is undergoing, we think that there might well be an agreement between management and ourselves on a method for revising the economic clauses of the collective contracts which have not expired.

What reason do we give for revising those economic clauses instead of proposing a general increase by decree?

In the first place, there would be companies that would not tolerate an indiscriminate increase. So the cure would prove worse for us than the disease; because that compulsory increment might possibly be tolerated by some business firms that are in more or less thriving or fair economic circumstances; whereas others would not put up with it, and that would result in their closing or bankruptcy, whereby the jobs would be lost, something that is a very important aspect for us.

In other words, if we succeed in revising the collective contracts, we would have occasion to study the economic conditions of each business firm; and then, based on our awareness of the current situation, and our obligation to contribute to solving the crisis, we would not insist on making demands that could strangle the companies.

With regard to the matter of unemployment, we have disclosed the fact that there is in our country a hypertrophied bureaucracy and public institutions wherein the number of workers exceeds their requirements. We are aware of these facts, but we cannot let dismissals occur in the public sector during these times of crisis, because that would aggravate the unemployment problem that exists in the country.

As we have found out, it is possible for some readjustments to occur among the higher-level personnel rosters, on the A level, but we cannot allow massive layoffs, because a situation marked by serious social upheaval would occur in the country, and then we would not be far removed from having situations such as those which have occurred in Brazil, in Rio de Janeiro and Sao Paulo, where people went seeking food wherever there was any.

[Question] And what if non-selective layoffs should take place?

[Answer] I don't think that they will occur, but in any event we have warned the government that we shall not permit massive layoffs in public administration so long as there is no way of absorbing that work force in the private sector. And that will happen only where there has been a reactivation in the economy. We think that this employment is actually a kind of subsidy for a population that is currently employed and constitutes part of the country's less privileged sectors. Putting them out into the street is only making matters worse.

[Question] What is CTV's position regarding the unemployment insurance that is being brought up again now?

[Answer] We are not only attempting to obtain compensation for the wages of the active workers, but also telling the government about the 1.5 million unemployed that exist at present. How could that aid reach them? Through the family basket; not based on the wage scale of 2,000 bolivares, but rather based on 3,000. This is because a very careful study that we have made indicates that 3,000 bolivares is a subsistence wage. So, we cannot talk about the family basket only for those earning under 2,000 bolivares; because, if 3,000 bolivares is a subsistence wage, 2,000 is a poverty wage. That is why we think that the family basket should be extended to the workers who are unemployed.

[Question] How would this family basket actually be implemented?

[Answer] The family basket is intended to be something a little different from the food voucher.

[Question] Could you expand on that notion a little further?

[Answer] What I can explain is that we are in agreement on that family basket, which will contain about 20 or 30 essential items.

[Question] But how would those items be sold?

[Answer] Well, they would have frozen prices...those items would have special prices; rather, it will be a subsidized basket.

[Question] But will those products be within the reach of everyone?

[Answer] They say that it will be for those earning under 2,000 bolivares, but we think that the ceiling should be 3,000 bolivares.

[Question] We repeat, what would be done to distribute that basket?

[Answer] Of course, that is the problem...We don't know the means that the government is going to use to devise the delivery of those baskets. What we do fear is that a dangerous escalation of corruption could occur through this expedient.

[Question] Might it be something like the so-called "food stamps" in the United States?

[Answer] Well, we actually don't know. We know only about the enforcement of this idea: the family basket; but the government has not told us how it intends to arrange for it.

A commission will be formed then to carry out this proposal for delivering the food baskets.

[Question] Have there been any contacts with the business owning sector for the purpose of revising the clauses of the collective contracts?

[Answer] No, not yet...

[Question] How many workers would benefit from the improvements in the collective contracts?

[Answer] Approximately 40 percent of the working class is unionized, but the collective contracts cover far larger percentages.

[Question] Most of the collective contracts are concentrated in the public sector. So it appears easier to negotiate with the private sector, because:

the state sector has been speaking very emphatically about the crisis that is besetting it. It has even been claimed that there are difficulties among certain government agencies even in paying their personnel. So, what can be done to seek wage improvements through collective contracts if there is no money to meet the current basic requirements for paying the personnel?

[Answer] Well, we shall have to extend the dialog in that direction, although we are aware that there are in the public sector expired contracts that have been impossible to discuss lately owing to the economic crisis confronting it. So now it will be up to the government to make an effort to have those contracts discussed. And we are convinced that there should be wage increases.

[Question] However, since you mentioned earlier that the wage increases were "water and salt," then are you not seeking merely water and salt by means of these wage increments?

[Answer] Well, no; because the economic measures bring as a result a rise of 30 percent in the inflation rate; and hence we must obtain something to reduce that impact. This 30 percent is a devastating percentage, which must be added to the previous increases in the cost of living. As a result of these increases, the bolivar is now worth only a quarter. The bolivar is worth only an eighth of what it was worth 3 years ago. So we have to look for something. And am not so sure whether we should ask for an amount exactly equal to that of the inflation level. It could be less, possibly 5 percent less...if inflation is 30 percent, then we could hope for 20 or 25 percent.

We are holding talks to prevent outbreaks of speculation from occurring, and we are asking the government for greater watchfulness to prevent inflation from being compounded by speculation. We are also offering the government cooperation in that process to prevent abuses.

All three of us parties are talking: the government, the business-owning sector and the unions. We on our side have a consciousness of not making demands that exceed the potential of private enterprise, and even of the public sector. We are willing to cooperate and to make sacrifices so that there will not be any outbreaks of strikes that could hamper the democratic process in the country.

[Question] So how would you describe CTV's position at present? Is it a kind of retaining wall to prevent external expression of the dissatisfaction, or are you in a state of what might be called "militant expectation"?

[Answer] Our position is one of expectation. On the one hand, we have an obligation to defend the democratic system, and to do everything possible to avoid its breakdown. But we also have an obligation to defend the workers' interests.

Therefore, we believe that democracy should have concrete manifestations with regard to the defense of those interests.

If democracy does not guarantee the defense of our interests, then the democratic system is not really the one that best befits us.

Democracy has responsibilities toward us who are a mainstay in defense of the system. If democracy does not guarantee the workers their prosperity, if it, rather, guarantees it to other more privileged sectors of the society, then such a democracy is crippled, and we must improve it.

[Question] Do you consider yourselves to be adequately represented in the present government?

[Answer] At least some of us members of the CTV Executive Committee consider ourselves to be represented, because we belong to Democratic Action.

[Question] Do you think that the composition of the ministerial cabinet responds to the features of the social pact?

[Answer] Well, I think that it is a provisional government, I mean provisional in the sense that, with this present composition, they think that they will be able to cope with the crisis. It is an appropriate cabinet for these circumstances.

[Question] Why do you think there is meager trade union representation in the cabinet?

[Answer] We have actually not sought it.

[Question] Did the business-owning sector seek it?

[Answer] I don't know, but they did not ask it of us, nor did we request it. But, furthermore, to us the social pact does not mean participating in the government; rather, it has a different kind of connotation for us, which is essentially dialog (as is being done now), before adopting measures that will cause uneasiness all over the country, and will hurt the workers. Now the extent to which the suggestions that we make and are willing to make are accepted, that is something else...

[Question] When Jaime Lusinchi was a presidential candidate, he emphasized that he would be inspired to govern on the basis of the platforms backed by the labor movement. Do you think that these measures and the general features of his government are consistent with those claims?

[Answer] I believe that these measures are based on a real situation that the country is experiencing, and I think that calling them unpopular is incorrect; rather, they are measures which are indispensable, though extreme. I would like to explain that the support from the AD union leaders or from the AD trade union bureau for Jaime Lusinchi's government is virtually unlimited support, and very different from the support that CTV might give it. CTV may lend support to the system and to certain government measures, but that support will never be unconditional in nature.

There is multipartisan representation in CTV, people who do not necessarily back the government; and hence we must take into consideration that group of opposing interests in lending support, whether to the Lusinchi government or to any other; primarily because a labor organization of this type becomes weakened and deteriorated by giving unconditional support, and a deteriorated organization does not benefit us, nor the government nor the system either.

[Question] During the past few weeks, after a lengthy period during which no mention was made of the Law on Costs, Prices and Wages, this point was taken up again by the high-level labor leaders. What position does CTV intend to assume regarding this law in the immediate future?

[Answer] The law is currently in the Senate, where it is having a kind of lymphatic sleep, but we shall reactivate it. We have 20 representatives in both Chambers and they have been held answerable to CTV for reactivating the Law on Costs, Prices and Wages. This law is aimed precisely at preventing speculation. A result of that law would be a tripartite commission (business owners, the state and the workers) that would study costs, prices and wages, precisely.

[Question] Is the passage of this law seen as one of the priorities that CTV has set for itself?

[Answer] Yes, and also the reform of the Labor Law. We have a commission that will produce its reform within a few days. The general features are aimed at consolidating some gains already made through collective bargaining, by means of this latter law. It is also intended to create the single unions based on industry, to prevent the continuation of fragmentation within the labor movement. Business firms that have 2,000 or 3,000 workers are controlled by up to 10 unions. The present law allows that. So what is being sought is to prevent the fragmentation from continuing.

[Question] In recent interviews with the press, you did not preclude the alternative of wage indexing, another issue that has received constant rejection on the part of business owners. What actually is your position on this point?

[Question] I am really not very sure that wage indexing is a feasible solution for the workers, particularly in view of the fact that, in the countries where it has been applied, there has occurred the well-known phenomenon whereby wages climbed by the stairway while prices rose by the elevator.

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## GOVERNMENT TO BEGIN FOOD SUBSIDIES FOR NEEDY FAMILIES SOON

Caracas EL UNIVERSAL in Spanish 29 Feb 84 p 2-2

[Text] The national executive body has prepared the family basket program, the leading mechanism for compensation in the package of economic measures that it will launch on 1 July of this year, on an experimental basis, in the states of Sucre, Trujillo and Yaracuy.

The family basket program is designed to benefit 970,000 Venezuelan families whose monthly income is under 2,000 bolivares.

The incorporation of the families into the family basket program will take place gradually; every 4 months a certain number of federal entities will be incorporated. Every one benefited will enjoy this direct subsidy for a period of 2 years, an interval during which the government hopes to improve the present status of employment, income and economy as a whole.

According to the plan devised by CORDIPLAN [Office of Coordination and Planning] the monthly allocation will fluctuate between 300 and 900 bolivares, depending on the number of individuals comprising the family group.

The scaled quotas will be as follows:

Number of persons per family	Monthly allocation
2	300.00
3	450.00
4	600.00
5	750.00
6 and more	900.00

Based upon the plan, authorized by President Jaime Lusinchi, the family basket will include only food, which has been selected in accordance with the following criteria:

1. The population's nutritional requirements are to be made up in a compensatory manner.

2. The present consumption habits of the population are taken into account; but, at the same time, a change is encouraged in the consumption pattern, associated with the national productive system's capacity for response.

3. Priority is given to the categories of national production with proven efficiency in our circumstances and to those which are substitutes for imported categories.

4. An increase is made in the consumption of nationally produced food, the consumption of which is far below the desired limits.

5. An increase is avoided in the demand for food in the consumption of which there is a large imported component.

6. An increase is avoided in the consumption of foods with proven productive inefficiency under our tropical circumstances.

On the basis of these criteria, a final list was made of 33 foods, including grains, legumes, oil seed products, sugar, root and tuber vegetables, green vegetables, fruit, meat, fish and shellfish, milk, cheese and eggs.

#### Family Basket Office

The program will have a main office, and subordinate offices in the various regional entities, and their basic functions will be: the registration of beneficiaries and dealers, the distribution of trading stamps, and evaluation, control and penalties.

The registration of beneficiaries and dealers will be done by the local registration unit, which will be required to record the commercial firms and heads of families that meet the requirements for the subsidy.

The total registration period will last 17 months, in order to include the entire country. The first states to benefit from the subsidy will be Sucre, Trujillo and Yaracuy, which will have to be incorporated by 1 July 1984.

The subsequent incorporation based on states will be as follows: By 1 November Anzoategui, Cojedes, Delta Amacuro, Merida and Guarico will be annexed.

By 1 March 1985, Falcon, Zulia, Barinas, Monagas and Amazonas will be incorporated.

Finally, by 1 November 1985 the rest of the states will be annexed: Bolivar, Carabobo, Nueva Esparta, Miranda and the Federal District.

Then, gradually and in the same order, the benefits will be eliminated, until 1 November 1986, when the program will be completely finished.

The individual benefiting from the trading stamp program must sign up for a year, at the end of which he may become reenrolled, provided his family income is still under 2,000 bolivares per month.

## 20-Bolivar Trading Stamps

The plan stipulates a system of exchangeable trading stamps as an instrument of exchange to benefit from the direct food subsidy.

Each stamp has a value of 20 indivisible bolivares, valid for only 2 months; and they will be delivered assembled together as in a checkbook by the local bank to the beneficiaries. The latter, in turn, exchange them in the local commercial establishment, which then deposits them in the bank in order to have the pertinent amount paid to its account. The bank, through its main offices, will exchange them in the family basket office.

The program will be evaluated and checked constantly, by means of the sampling technique. In this way, an attempt will be made to learn the veracity of the information provided, possible deceptive practices in the exchange and speculative use.

Penalties will also be implemented, ranging from the beneficiary's exclusion from the mechanism to the temporary closing of the commercial establishment that commits violations; in other words, allowing the exchange or barter of other items that are not food.

The total cost of this direct subsidy to the population, from its beginning until 30 October 1987, will amount to 15.129 billion bolivares.

Table No 1 Foods Selected for Inclusion in the Family Basket

Types	First Phase	Second Phase
Grains	Corn	Rice
	Rice	Cornmeal
Legumes	Kidney beans	Dry beans
	Dry beans	
Green peas		Oil seed products
Oil	Oil	
Margarine		Sugar
Sugar	Sugar	
Root and tuber vegetables	Potatoes	Yucca
	Yucca	Potatoes
	Taro	
	Celery	
	Yams	
Green vegetables	Tomatoes	Tomatoes
	Onions	Onions
	Peppers	
	Carrots	
	Beets	
	Cucumbers	

[continued]

Types	First Phase	Second Phase
Fruits	Oranges Grapefruit Plantains Bananas Pineapple Papayas Watermelon	Bananas Plantains Oranges
Meat	Beef Second and third grade pork Poultry	Beef cuts
Fish and shellfish	Fresh Salted Canned	Salted Canned
Dairy products	Milk Cheese	Milk (2) Cheese
Eggs	Eggs	Eggs

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## LABOR MINISTER ANTICIPATES 200,000 JOB OPENINGS

Caracas EL UNIVERSAL in Spanish 29 Feb 84 p 2-4

[Text] Labor Minister Simon Antoni Pavan, in commenting on the favorable impact from the economic measures implemented by the national executive body on the production sector, claimed: "The compensatory measures requiring that business firms increase their personnel roster by 10 percent, as well as the financing for crops to give an incentive to the agricultural sector, as an employer market, will make it possible to promote over 200,000 jobs this year."

To implement the measures that will afford the 10 percent increment, the payroll of private business firms as of 31 January of this year will be taken as a reference. To meet this requirement, the firms have a maximum period of 6 months. Businesses which fail to comply with this order will not enjoy the benefits of the economic measures that the state has called for to give an impetus to their development.

Minister Antoni Pavan added that these benefits represent: compensation, tariffs and the controlled dollar market. The firms which appear reluctant to comply with the presidential order will have no recourse other than to seek their input in dollars from the free market, which would mean a burden to their operations.

When Minister Antoni Pavan was asked whether the government has the means to enforce these orders that will contribute to economic reactivation, he replied:

"The government will see to compliance with the order, and possesses the control mechanisms through the Ministry of Labor's Directorate of Labor Statistics and of Economy and Employment, where the payrolls of the private sector's business firms are kept."

At the same time, he stressed that the Venezuelan state has suitable coercive means for enforcing this fundamental measure that will guarantee not only the present employment level, but also an incentive for it to rise 2 percent over the present employment rate.

Simon Antoni Pavan emphasized that those who fail to comply with the compensatory order will not have preferential dollars available to them. At the same

time, he declared that the government is certain that this measure, together with the program implementing the preferential interest rates for the agricultural sector, aimed primarily at giving incentives for such crops as cotton, sorghum, sugar cane, corn, peanuts and sesame seed, will make it possible for a considerable increase in the work force to occur on the market employing farm labor.

In the package of compensatory economic measures implemented by the government to give an incentive to the economy, priority has likewise been given to the construction industry and the maintenance programs to be announced by the Ministry of Transport and Communications. This entire group of measures affords assurance that over 200,000 jobs will be created within a period of 6 months.

In this connection, Minister Antoni Pavan is of the opinion that, not only will the labor entering the job market each year as a result of vegetative growth, estimated at 120,000 jobs, be readily absorbed, but also, part of that mass of jobless, amounting to 2 or 3 points in the current rates, the figures on which total 1.3 million workers, will be similarly absorbed.

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## MAS SETS UP STEERING COMMITTEES TO PLAN PARTY'S FUTURE

Caracas EL NACIONAL in Spanish 13 Feb 84 p D-2

[Text] The Movement Toward Socialism (MAS) designated three provisional steering committees to run the party until its national convention next September.

This was reported yesterday at a press conference by leaders Hector Marciano Coello, Anselmo Natale, Carlos Rodriguez, Gustavo Anez Batista, Fredy Nunez, Rafael Thielen and Manuel Isidro Molina. They released a document which states that the decision is the result of cordial deliberations that took place during the party's National Council, which was held on 3, 4 and 5 February and ended last Saturday.

"The implications of the meeting in terms of the functions of all the members of the National Board of Directors, including top party officials, influenced the discussions and conclusions of the debate. This move, unprecedented in Venezuelan politics, rather than reflecting negatively on the party institution, translated into an evident vitality which places the Movement in the best position to face the challenge of the municipal elections, and its recovery and expansion."

For the present, MAS has designated three steering committees, each one autonomous and at an equal level of the hierarchy. It is established that no leader may hold more than one party post, thus guaranteeing greater efficiency and a better distribution of and participation in leadership activities. The three committees are the Political Committee, the Reorganization and Convention Committee and the Municipal Election Command.

#### Political Committee

This committee will be comprised of 15 party leaders, whose functions will include: representing MAS, setting policy and directing relations with national institutions; assuming responsibility for international relations; coordinating parliamentary work; directing work on the drafting of the political platform and analyzing the election results; directing political, economic and social research activities; and coordinating political activities. The members of the committee are: Pompeyo Marquez, Freddy Munoz, Juvencio Pulgar, Anselmo Natale, Rafael Elineo Martinez, Hector Maldonado, Franklin Guzman, Arturo Tremont, Mayita Acosta, Eleazar Diaz Rangel, Carlos

Tablante, Rafael Guerra Ramos, Rafael Thielen, Simon Garcia and Diego Bautista Urbaneja.

#### Reorganization and Convention Committee

This committee, also made up of 15 party leaders, is to take charge of regional reorganization efforts and the reorganization of mass fronts; draw up the plan for the national convention; direct work on the drafting of organizational proposals for the statutes and bylaws; cooperate with the Municipal Election Command on work related to the municipal elections; reorganize and prepare the electoral machinery; designate the national reinforcements for the campaign in the 75 most important districts; assume responsibility for functions related to the internal workings of the MAS; and establish a journalistic organ for internal discussion. The committee will consist of Teodoro Petkoff, Victor Hugo de Paola, Winston Jimenez, Luis Alvaray, Luis Manuel Esculpi, Salvador Curvelo, Felipe Mujica, Alonso Palacios, Luis Bayardo Sardi, Antonio Jose Urbina, Carlos Raul Hernandez, Freddy Diaz, Miguel Genova, Ivan Esquerre and Jesus Valedon.

#### Municipal Election Command

Made up of 25 party leaders, this committee's functions are to: process the restructuring of the MAS slates for the Municipal Councils; draw up the campaign plan; take over the financial and propaganda tasks; coordinate the campaign commands; coordinate the activity of national leaders with respect to the municipal campaign; propose the general features of the municipal programs; and take the necessary steps to ensure that district programs are drawn up. The members of this committee are: Carlos Rodriguez, Argelia Laya, Hector Marcano Coello, Alfredo Padilla, Gregori Colomine, Jose Rodriguez Rausseo, Freddy Nunez, Luis Barrios, Alberto Urdaneta, Marco Negron, Jose Sedek, Victor Rodriguez, Ernesto Herrera, Eloy Torres, Freddy Sirit, Eduardo Pozo, Pavel Rondon, Cleobaldo Russian, Leopoldo Puchi, Eduardo Irazabal, Xiomara Garcia, Elizabeth Tinoco, Jose G. Rodriguez, Hilario Garcia and Enrique Gonzalez.

The National Council also resolved to reorganize all the mass fronts and the regional committees of Caracas, Miranda, Bolivar, Guayana, Carupano, Cumana, Nueva Esparta, Anzoategui, Carabobo, Zulia and Guarico. With regard to the MAS's representation before the CSE [expansion unknown], it was resolved to maintain the status quo until Congress names new members. It was decided not to fill the vacancies on the National Board of Directors and to defer until the next National Council the designation of the National Electoral Commission and the final approval of the slates for the Municipal Councils. The next National Council will take place in mid-March.

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END